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USSR Report

INTERNATIONAL ECONOMIC RELATIONS

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3 May 1985

USSR REPORT
INTERNATIONAL ECONOMIC RELATIONS

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AFRICA

BRIEFS

AID TO ETHIOPIA REVIEWED--Soviet-Ethiopian Economic and technical cooperation is progressing successfully and embraces many sectors of Ethiopia's economy, including such an important one as agricultural machinery. Commissioned last August in Nazaret was a tractor-assembling factory (output 1,000 tractors per year), built and equipped with Soviet Assistance, which by the 10th anniversary of Ethiopian revolution had already delivered its first tractors, so badly needed, to agriculture. Soviet organizations are helping build the Melca Wacana 153 MW hydro-electric power station on the river Wadi Shebele and a 225-km-long power transmission line with a sub-station near Addis Ababa. The hydro-electric power station is of vital consequence for the country's economy as after its completion it will almost double Ethiopia's output of electricity. In June 1984 the Soviet foreign trade organization Technopromexport and the state organization for power engineering and electrification under Ethiopia's Ministry of Mining and Power signed a large contract on the shipment of building equipment, machinery, materials for this hydro-electric power station and on the provision of specialists to Ethiopia. [Text] [Moscow FOREIGN TRADE in English No 2 Feb 85 p 31] [COPYRIGHT: "Vneshnyaya torgovlya" 1985. English translation, "Foreign Trade", 1985]

CSO: 1312/188

THE AMERICAS

CEMA PARTICIPATION IN BRAZILIAN TRADE CONFERENCE NOTED

Moscow IZVESTIYA in Russian 15 Feb 85 p 5

[Article by A. Polonskiy, APN correspondent writing for IZVESTIYA: "A Broad Field of Cooperation"]

[Text] Rio De Janeiro--Recently, in the Brazilian industrial center of Sao Paulo, at the initiative of the Brazilians, an international meeting for trade and economic cooperation with socialist countries was held within the framework of the UN Conference for Trade and Development (UNCTAD). In addition to Brazil, the following CEMA members took part--USSR, Poland, Bulgaria, GDR, and Czechoslovakia.

This was the first seminar of this type to take place on the South American continent. In his opening remarks, Brazilian Minister of Foreign Affairs Saraiva Guerreiro noted the great importance of cooperation between developing and socialist countries under present-day conditions.

In the last few years, he said, the volume of trade between Brazil and European CEMA members has doubled: from \$1 billion in 1978 to \$2 billion in 1983. However, according to the minister, this positive indicator still does not exhaust the enormous possibilities for cooperation or the economic potential of Brazil and the socialist countries. He urged the participants of the meeting to actively seek new ways to broaden trade and economic cooperation, which in turn, in his opinion, will pave the way for political rapprochement [blizheniye narodov], national security, and peace.

More than 400 representatives of Brazilian government organizations and business groups participated in the seminar. The exchange of opinions demonstrated the deep interest of the participants in the development of effective trade and economic relations, taking the best advantage of each other's capabilities.

The heads of Brazilian firms, having had long years of experience in dealing with socialist countries, noted that the CEMA countries are reliable and honest partners, providing mutually advantageous conditions for cooperation.

Recently, the trade and economic relations between the USSR and Brazil have broadened significantly and new types of ties have emerged, including an exchange of patents and technology. In the Brazilian city of Uberlandia, a plant for the manufacture of alcohol is being constructed on the basis of a

Soviet patent. Soviet technology is also being used at a metallurgical enterprise in Tubarao.

The seminar participants also noted that all the necessary prerequisites are present for effective cooperation between Brazil and the Soviet Union and other countries: appropriate agreements, economic resources, and good will.

It is noteworthy that the conference took place on the eve of the official inauguration of the new Brazilian president, the first civilian head of state in the last 20 years. The new government is faced with highly complex problems, among which are a record foreign debt of over \$100 billion, inflation of almost 250 percent, and growing unemployment. Today, Brazil sees that one of the ways of overcoming these difficulties is to give up its unilateral orientation and develop mutually advantageous relations with all countries and with the governments of the socialist fraternity.

CSO: 1825/59

ASIA

DPRK 1985 ECONOMIC PLAN DISCUSSED

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 85 p 20

[Article by V. Moiseyev, candidate of economic sciences, under the rubric "The Countries of Socialism -- Plans and Challenges for 1985": "The DPRK"]

[Text] The 10th Plenum of the Central Committee of the Korean Labor Party, sixth convocation, in December 1984 discussed and approved the 1985 plan for development of the national economy of the Democratic Peoples Republic of Korea. The year 1985 is expected to be a period of preparation for fulfillment of the new long-range economic plan and normalization of production in all sectors of industry. The Plenum called on the working people of the country to strive for great new successes in building a socialist economy in the year of the 40th anniversary of the liberation of Korea by the Soviet Army.

In 1985 paramount attention will be devoted to increasing the extraction of coal and other mineral products, increasing the production of ferrous and non-ferrous metallurgical output, and developing rail transportation. Expansion of the mines in Anchzhu, Sunchkhon, and Kandon will satisfy the economy's growing need for coal. The Komdok mining complex and the mines in Ryangando Province will increase deliveries of raw material for nonferrous metallurgy. Further incorporation of the capacities of the Metallurgical Plant imeni Kim Chak in Chongjin and the Kanson Steel Mill will provide the necessary growth in production of cast iron, steel, and rolled products. The production of railroad rolling stock will increase, and the system of control of rail shipping will be improved.

The Plenum noted the need in 1985 to achieve a new upsurge in agriculture and lay a solid foundation to fulfill the mission given by the 6th Congress of the Korean Labor Party of harvesting 15 million tons of grain in the late 1980's.

In the field of capital construction the plan envisions concentrating efforts on completing production projects that have already been started.

To improve the life of the population the challenge is posed of fully loading light industry enterprises, thus sharply increasing the production of fabrics, footwear, vegetable oil, and confectionary goods, expanding the network of service establishments, and carrying on housing construction.

It was recognized that an important condition for fulfillment of the annual plan of economic development is improving the economic mechanism, further introduction of cost accounting, and enlarging the role of party organizations in the work of plants, factories, cooperatives, and institutions.

The Plenum specially singled out the question of developing trade and economic ties with the socialist countries and increasing exports of nonferrous metals, magnesite clinker, and cement. Construction and expansion of the capacities of eight national economic facilities with Soviet aid will continue; among them are the Metallurgical Plant imeni Kim Chak, the Chongjin Heat and Electric Power Plant, and the aluminum plant in Pukchan.

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CSO: 1825/51

ASIA

TECHNICAL ASSISTANCE TO INDIA DISCUSSED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12, 1984
(signed to press 5 Dec 84) pp 51-55

[Article by Oleg Chebotkevich, member of the CEMA Secretariat: "India: Primary Attention to Key Sectors"]

[Text] The CEMA member countries are the true and unselfish allies of the developing countries in their struggle for the right to decide their fate on their own and to manage their national resources independently. The enterprises and projects built with their economic and technical assistance become the property of the developing countries. The countries of the socialist commonwealth do not aspire to establish control over the economy of these states, to receive privileges or other advantages that are incompatible with their national sovereignty. A striking example of such interaction is the cooperation of the CEMA member countries with the Republic of India.

The assistance which the CEMA member countries have extended and are continuing to extend plays an important role in the formation and strengthening of the state sector of India. It is carried out on the principles of respect of sovereignty, equality, mutual advantage and non-interference in the internal affairs of one another. This assistance is realized on the basis of intergovernmental agreements signed between India and the CEMA member countries, which, as a rule, have a long-term character and provide for the granting of credits on advantageous terms to India.

The steady growth of the economic relations of India with the countries of the socialist commonwealth is caused by the strengthening of the authority of the CEMA member countries in the international arena, by their successes in the development of the economy, science and technology, and by the magnetic force of the socialist principles of cooperation. This cooperation is aimed at the solution of the basic economic problems of the Republic of India. It opens up new prospects in India's movement along the path of progress.

The intensification of the economic cooperation of the CEMA member countries with India is at the present time one of the most characteristic features of the development of its foreign economic relations during the past 10 years. At the beginning of the 1950's, the possible paths and directions of the arrangement of mutually advantageous business relations between the CEMA member countries and India were only defined. In the 1980's these relations have been significantly expanded and serve as an important stabilizing factor in the economy of India in the conditions of the unstable development of the world capitalist economy.

The cooperation of the CEMA member countries with India is carried out on a bilateral and multilateral basis. It bears a complex character, encompassing many sectors of the national economy, science and technology, etc. The fraternal countries devote basic attention to the extension of assistance in the creation of enterprises in key spheres, which by rights are becoming the leaders of the national independent economy.

Since the time of the achievement of political independence in 1947, significant positive changes have taken place in the Indian economy.

The machine building, metallurgy, oil, oil processing, petrochemical, electrical engineering and electronics industries, and a number of other key sectors of the economy have been created, in essence, anew in the country. Today the Republic of India is an agricultural and industrial state.

The gross national product of the country has increased more than 10-fold, the national income--almost 3-fold, and the output of industrial production--more than 5-fold. The average annual rates of growth of the national income of India in the course of the past 10 years have amounted to approximately 3 percent. In terms of the volume of industrial output, India has entered the dozen leading countries, and in terms of the number of scientific-technical workers yields only to the USSR and the United States. It occupies second place in the world in terms of the output of cotton fabrics, sixth--in terms of the mining of bituminous coal, and seventh--of iron ore. During the years of independence, an extensive network of railways was created in the Republic, whose extent put it into fourth place in the world. Among the developing countries, India has the largest merchant marine of its own.

The state exerts every possible influence on the execution of socio-economic reforms. It is dominant in railway and air transportation, defense and nuclear industry, the financial system, insurance, heavy machine building, power engineering, nonferrous and ferrous metallurgy, oil and oil processing and coal industries, and in other leading sectors of the national economy.

The state sector occupies an important place in the economic structure of present-day India, creating a basis for its industrialization. The share of the enterprises of the state sector in the extraction and processing of oil, the production of boiler equipment, rolling stock, equipment for power transmission lines, shipbuilding and ship repair amounts to 100 percent, coal mining, zinc and electric power production--more than 90 percent, and steel--more than 75 percent. They produce more than 60 percent of the hydroelectric units, 40 percent of the machine tools, more than 50 percent of the nitric and 35 percent of the phosphorous fertilizers, etc.

The projects of the state sector built with the combined assistance of the CEMA countries produce more than 40 percent of the steel, extract about 60 percent and process approximately 50 percent of the oil, produce almost 15 percent of the electric power, and supply more than 60 percent of the country's requirements for power equipment. By 1984, the enterprises installed with the assistance of the CEMA member countries in India had smelted more than 50 million tons of steel, extracted more than 90 million tons of oil, and produced about 800,000 tons of metallurgical, mining, drilling, crushing and other heavy

industrial equipment.

Under the economic and technical cooperation of the CEMA member countries in India, about 400 industrial and other projects, the overwhelming majority of which relate to the state sector, have been put into operation and are in various stages of completion.

Among them we must mention such important plants as the metallurgy plants in the cities of Bhilai and Bokaro (built with the assistance of the USSR), the alumina and aluminium plants in the city of Korba (Hungarian People's Republic, USSR), the machine building plants in the cities of Ranchi, Hardwar, and Durgapur (USSR), heavy machine tool, casting and forging plants in the city of Ranchi (CSSR), the heavy power equipment plant in the city of Hyderabad and the high-pressure boiler plant in the city of Tiruchirappalli (CSSR), the oil processing plants in the cities of Koyyali, Barauni and Matura (USSR), and Gauhati and Haldia (Socialist Republic of Romania). Of great significance is the installation of a number of hydroelectric and steam power plants (USSR, Polish People's Republic, and CSSR), coal stripings, mines and concentrating mills (USSR, Polish People's Republic), and other enterprises in various sectors of the economy.

The presence and the consolidation of the state sector in the economy of India made it possible to mobilize the funds on a national scale, to use them purposefully in the solution of the most important economic problems, the creation of modern sectors of industry, agriculture and science and technology, the training of national skilled personnel, and the development of foreign economic relations.

In proportion to the development of the state sector, definite production systems arise within its limits. They are closely coordinated among each other and are interlaced, forming an extensive, multi-sector complex of heavy industry, power engineering, transportation, and fuel-raw material base.

The creation of large industrial projects has changed the socio-economic appearance of whole regions of India. Many enterprises have appeared which are related to the execution of work of one sort or another for the projects being built or to the more thorough processing, transportation and sale of finished goods. Training of national personnel for the cooperation projects is underway, which is conducive to the acceleration of the development of the productive forces of the region, where the project is being built. Previously little-known villages have been transformed into modern large cities, such as Bhilai, Bokaro, Ranchi, Durgapur, and others.

The CEMA member countries strive to secure a comprehensive approach to the development of industrial sectors, utilizing the possibility of the partner.

Organizations of the People's Republic of Bulgaria have extended assistance in the building of enterprises of the food, pharmaceutical and chemical industries in India in the state sector, including a plant for the production of sulphuric acid in the city of Sindri (state of Bihar) with a capacity of 880 tons per 24 hour period, a plant for the production of gamma-globulin and albumin in the city of Faridabad (state of Haryana) with a capacity of 230 kilograms

of gamma-globulin and 300 kilograms of albumin a year, 9 factories for the drying of fruit and vegetables, and a number of others. An important distinguishing feature of the development of the economic relations of the People's Republic of Bulgaria with India during the past few years is the search of new ways and forms of their expansion. In accordance with 10 agreements on technical assistance between Bulgarian associations and Indian companies, Bulgaria supplies equipment and extends other types of technical assistance to the Indian companies.

The Hungarian People's Republic assisted in the development of such industries in the state sector of India as the aluminium industry, power engineering, and instrument building. A large alumina plant, with a capacity of 200,000 tons of alumina a year, has been put into commission in the city of Korba. Hungarian organizations are taking part in the production of theodolites in the enterprise of the state corporation National Instrumentation Ltd. in the city of Calcutta. The Hungarian People's Republic has extended technical assistance to India in the construction of six steam power and hydroelectric power stations with a capacity of about 55,000 kilowatts. The Hungarian Gants Mavag Association has signed contracts for the supply of equipment for the Binva GES in the state of Himachal Pradesh and the Stakna GES in the state of Jammu and Kashmir, and in 1982 also carried out the delivery of equipment for the Shanan GES (state of Punjab). Another foreign trade association--Transelectro--is taking part in the expansion of the Neyveli TES in the state of Tamil Nadu with a capacity of 630 megawatts.

The GDR has extended assistance to the state corporation Hindustan Machine Tools in the production of grinding machines and other machine tool equipment, the construction of a plant for printing equipment, three factories for the printing of textbooks, an enterprise for the production of 600,000 square meters of foil made of copper and 490,000 square meters of copper-plated sheet a year, and a plant for acetylene carbon.

The Polish People's Republic took part in the construction, in the state sector of India, of enterprises of the machine building and coal industries, a plant for the production of cellular concrete with a capacity of 500 cubic meters per 24 hour period, as well as in the installation and reconstruction of a number of electric power stations.

Oil processing plants were installed with the assistance of the Socialist Republic of Romania in the cities of Gauhati and Haldia with a capacity for the processing of 0.75 and 2.5 million tons of oil a year.

The USSR is taking part in the installation, in the state sector, of projects of ferrous and nonferrous metallurgy, power engineering, machine building, the prospecting and extraction of oil, the mining and concentration of coal and other key industries, which constitute the basis for the modern industry of India.

Approximately 60 different projects have been put into operation with the assistance of the USSR. In terms of the volumes of work being carried out, the dimensions of the problems being solved, capital-intensiveness and labor-intensiveness, ferrous metallurgy occupies the dominating position in the

the economy. Jawaharlal Nehru, the first prime minister of independent India, called the Bhilai Metallurgical Plant the "precursor of the future India". In 1983 the capacity of the plant attained 4 million tons of steel a year. The firstling of Soviet-Indian cooperation has already been producing for 25 years. Tens of millions of tons of steel and rolled metal are an important contribution in the development of the national economy of the young republic. The expansion of another full-cycle metallurgy plant up to 4 million tons a year is being completed in the city of Bokaro. Since the beginning of its introduction in 1978, more than 11 million tons of steel have been produced. The construction of still another metallurgy plant--in the city of Vizakhapatnam--with a capacity of 3 million tons of steel a year is underway at full speed. These plants are the largest not only in India, but in Southeast Asia. They are equipped with the most modern equipment and are turning out products that are in great demand in the country.

Soviet organizations took an active part in the creation of the MEKON Planning Organization, which at the present time is the general consultant of the Indian government on questions of the development of ferrous metallurgy, as well as the scientific research center of ferrous metallurgy. A large amount of work is being done in regard to the training of national personnel in metallurgy. About 15,000 specialists have been trained in the educational centers created at the metallurgy plants.

With the assistance of the Soviet Union, an aluminium plant was built in the city of Korba with a capacity of 100,000 tons of aluminium a year, which is the largest in the state sector. It produces about 15 percent of the total aluminium produced in the country.

The machine building plants in the cities of Ranchi, Durgapur, and Hardwar, installed with the assistance of the Soviet Union, have become the nucleus of heavy machine building. Today they satisfy a significant part of the country's demand for metallurgical, crane, mining, and power engineering equipment. 10 years ago, India practically entirely depended on the import of power engineering equipment. At the present time, it has achieved almost complete self-sufficiency with respect to these products.

The Soviet Union extended assistance in the construction of 16 large hydro-electric and steam power plants with a total capacity of 3,500 megawatts, including the Neyveli TES with a capacity of 500 megawatts, the Obra TES with a capacity of 550 megawatts, the Bhakra GES with a capacity of 600 megawatts, and others. Today work is being done on the installation of the first phase of the Vindhyachal TES with a capacity of 1,260 megawatts.

The oil industry of India was created with the participation of the USSR. More than 45 oil and gas deposits were opened up. More than 100 million tons of oil and about 15 billion cubic meters of gas were extracted in the oil fields of the State Commission for Oil and Natural Gas. Soviet and Indian organizations cooperated in the installation of oil refining plants in the cities of Barauni and Koyyali with a refining capacity of 3 million tons a year, and Matura--6 million tons each. At present the capacities of the oil refining plants in the cities of Barauni and Koyyali are being expanded independently by Indian organizations to 3.3 and 7.3 million tons of oil a year. These enterprises were the forge of Indian national personnel in the sphere of oil refining.

In conditions of the reorganization of the world energy economy, called forth by the energy crisis of the 1970's, the assistance extended by the USSR to India in the sphere of the coal industry acquires great significance. A number of enterprises for the mining and extraction of coal have been put into operation, including the Manikpur coal stripping with a capacity of 1.0 million tons a year, the Banki and Surakachkhar with a capacity of 0.6 million and 1.1 million tons of coal a year, the coal concentration factory in Katkhar for the processing of 3.0 million tons of coal a year, and a whole series of other enterprises. The technical and economic substantiations have been developed for the Nigakhi coal stripping, with a capacity of 14 million tons of coal a year, and the Mukunda coal stripping, with a capacity of 12 million tons of coal a year, and the Dzhandzhra coal mines, with a capacity of 2.8 million tons a year. Their realization has begun.

With the assistance of the USSR, three large medical industry enterprises have also been created in India, which constitute the basis of the state sector, as well as projects in other sectors of the economy.

The most important projects of the economic cooperation of the CSSR with India are concentrated in machine building, including power engineering and electrical engineering industry, tractor construction, and power engineering. Jointly with the state corporations Heavy Engineering Corporation and Bkharat Heavy Electricals Ltd., Czechoslovak organizations put up such large enterprises as the plants for castings forgings, and heavy machine tools in the city of Ranchi, heavy power equipment in the city of Hyderabad, and high-pressure boilers in the city of Tiruchirappalli. Other large projects carried out with technical assistance of the CSSR in the state sector of India's economy are the plant for the production of tanks and reservoirs in the city of Vizakkhapatnam and the tractor construction plants in the cities of Varanasi and Pindzhora with a total capacity of 24,000 tractors a year. Moreover, several steam and hydroelectric power plants were put into operation in the states of Gujarat, Tamil Nadu, and Bihar, with a total capacity of 485 megawatts, as well as a large number of diesel power plants.

The enterprises built with the assistance of the CEMA member countries in the state sector not only make it possible to provide for India's requirements for many types of equipment, but they also significantly expand the export possibilities of the country. India's successes in industrialization have found their reflection in progressive changes in the commodity structure of its foreign trade, in the first place its export. India is one of the few among the developing countries, which export primarily finished goods, machine building and metalworking products, and rolled stock of ferrous metals.

At the end of the 1970's, new trends appeared in the cooperation of the CEMA member countries with India. This is related to its expansion and intensification on the basis of the level of economic development attained by India, the requirements of its internal market, and also the interests and possibilities of the CEMA member countries.

The production cooperation of the organizations of the countries of the socialist commonwealth with the state organizations of India in regard to the output of various types of equipment is beginning to play an increasingly large role. In so doing, the sides appear as equal partners who are interested in the development of such cooperation on a long-term basis.

An increasingly large place in the cooperation of the CEMA member countries with India is occupied by technical assistance, which is carried out on the basis of corresponding bilateral agreements. During 1978-1982 alone, about 70 of them were signed. In recent years, along with the intergovernmental commissions on economic and scientific-technical cooperation, committees for business cooperation have been created, which examine questions at the level of associations and companies.

The orientation of the Indian economy, especially in recent years, toward the intensified development of enterprises of export direction creates real possibilities for the expansion of relations with the CEMA member countries, including on a compensation basis. This makes it possible for the CEMA member countries to receive some types of raw material from India in the future. Already definite steps are being taken. The Socialist Republic of Romania, for example, cooperates on a compensation basis in the mining of iron ore in the Kudremukh deposit; Bulgarian organizations have set about the creation of a plant for the production of 300,000 pairs of leather gloves in the state of Haryana, 100 percent of whose production will be exported to Bulgaria.

The creation of joint enterprises for the supply of complete sets of equipment to third countries represents one of the prospective forms of cooperation of the organizations of the CEMA member countries with Indian state organizations.

The development of mutually advantageous cooperation of the CEMA member countries with Indian state organizations meets the fundamental interests both of the CEMA member countries and of India, is conducive to the strengthening of foreign economic relations on a long-term basis, and exerts a favorable influence on the strengthening of peace in Southeast Asia.

In realizing in practice in the mutual cooperation the principles of equality, friendship and mutual assistance, the CEMA member countries are making a worthy contribution to the reorganization of international economic relations on a just and democratic basis.

This position of principle was once again confirmed at the Economic Conference of the CEMA Member Countries at the Highest Level.

In a statement on the basic directions of the further development and intensification of economic and scientific-technical cooperation of the CEMA member countries, it was underscored that in the future, too, they will expand cooperation with the developing countries, proceeding from the fact that this will be conducive to the upsurge of the national economies and the strengthening of economic independence of the indicated countries and the development of mutually advantageous relations with them.

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ASIA

AFGHAN ECONOMIC TIES REVIEWED

Moscow FOREIGN TRADE in English No 2, Feb 85 pp 11-13

[Article by Igor Khotsialov, candidate of science (Economics), deputy chairman of the Soviet Part of the Permanent Intergovernmental Soviet-Afghan Commission for Economic Cooperation: "To Promote Soviet-Afghan Economic Ties"]

[Text]

In the year of the April National Revolution in Afghanistan the governments of the Soviet Union and the Democratic Republic of Afghanistan with the aim of further strengthening and expanding their economic cooperation and trade relations set up their Intergovernmental Soviet-Afghan Commission for Economic Cooperation, December 1978.

The Commission's tasks are: to consider the fulfilment of the USSR-Afghanistan's economic and trade agreements and protocols, study the possibilities of further expansion of economic and technical cooperation and trade, prepare concrete proposals on matters of cooperation.

Over the past period four sessions of the Commission were held which analyzed the realization of the adopted decisions and mutual commitments on main projects and aspects of economic cooperation, training of national specialists, and prospects of Soviet-Afghan economic and trade cooperation. Afghanistan is an agrarian country and that was the reason why the sessions of the Commission placed special stress on problems of agriculture and irrigation and mechanization of work in these sectors. Cooperation in developing Afghanistan's industry, transport, power engineering, industrial and civil construction as well as construction of public health projects, and geological prospecting for oil and gas in the country's northern regions was discussed in detail.

Soviet-Afghan agreements on economic and technical cooperation envisage rendering Afghanistan assistance in constructing 204 enterprises and projects. Nearly 100

projects, according to 1984 data, are now operating.

Among the largest projects are: the Naghlu hydro-electric power station (capacity 100,000 kW), the Mazar-i-Sharif nitrogen fertilizer factory (105,000 tons of carbamide per year), a motor vehicle repair workshop in Kabul, two gas fields in the Shibarghan region and a gas pipeline up to the Soviet border, a bakery complex and a bakery in Kabul, grain elevators, a hydro-amelioration complex in the Jalalabad region, the Sarde irrigation system, automobile roads (total length over 1,600 km). In 1982 and 1983 the following projects were commissioned: the Lotos stationary space communication station, a combined automobile-railway bridge across the Amu-Darya river, a transfer cargo base at the Hairaton port on the Afghan shore of the Amu-Darya, a bakery (20 tons of bread products per day) in Mazar-i-Sharif, mills in Pul-i-Khumri and Mazar-i-Sharif (each with a productivity of 60 tons of flour per day), and an auto-transport enterprise for servicing 300 KamAZ vehicles in Kabul.

Between 1980 and 1982 four machinery and tractor centres for agriculture were formed and are functioning; 240 tractors, 78 harvesters, motor transport and sets of agricultural implements were supplied to them.

Enterprises constructed with the USSR's assistance manufacture over 70 per cent of the entire state sector's industrial output.

Training national specialists for Afghanistan has an important place in Soviet-Afghan cooperation. For just over 20 years more than 70,000 Afghan workers received instruction and are now skilled. A polytechnical institute for 1,200 students and two technical schools were opened in Kabul. More than 3,000 Afghan specialists have already completed courses at these educational establishments.

At present Soviet organizations are helping construct transport projects, an electric power line stretching from the USSR's state border to Kabul and also carry out repair and restoration work at irrigation projects. The Soviet Union's assistance is of great significance for developing Afghanistan's agriculture (design and construction of irrigation and drainage systems, irrigation and ameliorational preparation of lands, creation of various purpose state farms, combating agricultural pests and animal diseases, etc.).

Special stress is placed on cooperation in constructing irrigation and hydro-amelioration projects. Those who visited Kabul river valley near the town of Jalalabad before the reservoir's construction in this area

remember barren, mostly pebble desert lands. After the construction in 1964 of the Jalalabad irrigation complex (the Jalalabad irrigation complex comprises a hydro-scheme with a reservoir on the river Kabul, a hydro-electric power station (capacity 11,000 kW), a main irrigation canal, distributors and other hydro-engineering structures) with Soviet technical assistance the conditions and climate in the Nangarhar valley substantially changed. Now three or four harvests of cereal, vegetable and other crops are being gathered on the previously arid, desert, sun-scorched lands due to their irrigation and development. Moreover, citrus and olive plantations yield high crops. Planned are four state mechanized farms, several state farms and nearly 1,000 peasant farms on the new irrigated lands in the Nangarhar valley. These farms are receiving all necessary assistance. The Jalalabad irrigation complex is unique and is a vivid example of effective cooperation and friendly relations between countries.

Marked progress has been made in Soviet-Afghan cooperation in creating the Sarde irrigation system, in drawing up a scheme for the utilization of water and land resources in North Afghanistan, in equipping Afghan organizations with necessary facilities for repair and restoration work at irrigation projects and in training national staff.

Now questions of continuing the work in the area of the Kokcha irrigation system, cooperation in drilling boreholes and constructing shaft wells to provide ponds for cattle in Afghanistan's southern regions are under consideration.

The Soviet Union's cooperation with Afghanistan in agriculture has the hydro-ameliorative orientation due to the fact that Afghanistan, because of its climate, depends on the realization of water supply projects for the development of new lands and higher cropping capacities on the cultivated lands, improvement of irrigation systems, use of advanced agrotechnical methods and expansion of the zones of distant pastures.

Soviet-Afghan economic and technical cooperation is of great importance for Afghanistan's further development. Being aware of this the enemies of new Democratic Afghanistan strive to undermine it, harm the projects of Soviet-Afghan cooperation. Nevertheless Soviet-Afghan cooperation aimed at improving Afghanistan's socio-economic development and the population's living standards will steadily progress in the interests of the friendly countries' peoples.

It is namely because of this that special requirements

are set for the activity of the Intergovernmental Soviet-Afghan Commission. To increase the responsibility and expand the Commission's powers the Soviet and Afghan Parts have since 1983 functioned as bodies under the countries' Councils of Ministers. Z.N. Nuriev, Deputy Chairman of the Council of Ministers of the USSR, was appointed Chairman of the Soviet Part of the Commission, and Sarwar Mangal, Deputy Chairman of the Council of Ministers of Afghanistan—Chairman of the Afghan Part. The posts of Deputy Chairmen of the Commission's Parts were introduced and the countries' Councils of Ministers approved the members of the Commission's Parts as permanent bodies for the quick solution of all matters of economic cooperation for studying its prospects and timely elaboration of particular proposals pertaining to the development of cooperation.

The Soviet and Afghan Parts of the Commission coordinate and monitor the activities of corresponding ministries and organizations on Soviet-Afghan economic cooperation, consider proposals concerning the expansion of trade relations, take operative measures to fulfil the Sides' commitments.

Subcommissions on cooperation in transport and planning were set up within the Permanent Intergovernmental Soviet-Afghan Commission.

The fourth meeting of the Commission, held in Kabul, September 14, 1984, considered the fulfilment of decisions adopted at the third meeting of the Commission, mutual commitments on agricultural, irrigation and power engineering projects. It determined the main directions and volumes of geological prospecting work for 1984-1986 and coordinated measures aimed at the intensification of geological prospecting for gas. Special stress was placed on transport problems, as in Afghanistan transport is of great significance for developing the country's economy. It was pointed out that cooperation in this sphere was progressing successfully and had promoted the growth of freight and passenger traffic volumes in Afghanistan. Auto-transport enterprises for servicing and maintaining KamAZ lorries and petrol tankers in Kabul and depots for servicing and maintaining lorries in Hairaton and Pul-i-Khumri are under construction; certain sections of the Kabul-Hairaton motorway are being rebuilt, technical systems of a tunnel at the Salang pass, the Targundi railway station and the Jangalak vehicle repair works reconstructed; the work on erecting in Kabul a central storehouse for vehicle spare parts will soon be completed. Questions of cooperation in the sphere of air transport were preliminary discussed.

In the course of the Commission's fourth session a detailed exchange of opinions on cooperation in planning took place. Great attention was also given to the procedure for elaborating the growth rates and proportions of development of the economy on the whole and its main sectors separately, the elaborating of fuel and power balance as well as planning the construction of enterprises in the light, food and processing industries with a minimum term of expenditures repay and high economic effectiveness, and the practice of coordinating socio-economic development plans of the CMEA member-countries. At the meeting an understanding was reached on rendering assistance in drawing up the main directions of Afghanistan's economic and social development for 1986-1990.

The meeting also noted the two countries' trade growth. The range of mutually supplied goods is being expanded and the forms and methods of trade perfected. The protocol on trade for 1983 was fulfilled with the two countries' mutual goods deliveries amounting to about 600 million rubles. Realization of the Sides' trade commitments creates favourable conditions for implementing the USSR-Afghanistan Long-Term Agreement on Trade Turnover for 1981-1985. Border trade volumes increased and goods exchange operations between the two countries' consumer cooperative societies continue developing.

An understanding was reached on studying in detail the prospects of cooperation in various sectors of Afghanistan's economy after elaborating the main directions of Afghanistan's economic and social development for 1986-1990. The resolutions adopted at the sessions of the Commission and coordinated measures are primarily aimed at all-round enhancement of the two countries' economic relations. To assure reliable control over realization of the understandings reached and implementation of the decisions adopted the Chairmen of the Commission's Parts approve special measures the fulfilment of which is checked regularly between the Commission's sessions.

Speaking at the February (1984) Plenary Meeting of the CPSU Central Committee K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the Supreme Soviet of the USSR, underlined: "We are open to peaceful, mutually beneficial cooperation with the states of all continents." The expanding and deepening Soviet-Afghan economic ties strongly confirm these words.

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English translation, "Foreign Trade", 1985

ASIA

COOPERATION WITH VIETNAM, LAOS, CAMBODIA NOTED

Moscow EKONOMICHESKAYA GAZETA in Russian No 5, Jan 85 p 20

[TASS article: "Development of Cooperation"]

Cooperation With Vietnam

[Text] The latest meeting of the Permanent Soviet-Vietnamese Inter-governmental Commission for Economic and Scientific-Technical Cooperation has taken place in Hanoi.

At the meeting, which was conducted in an atmosphere of fraternal friendship and complete mutual understanding, the successful development of comprehensive Soviet-Vietnamese cooperation was emphasized. In accordance with the long-term program for the development of economic and scientific-technical cooperation between the USSR and SRV and the decisions of the CEMA Summit Conference, particular attention was paid to issues relating to increasing efficiency in setting up and running facilities built with Soviet technical aid in the main areas of the SRV's economy, such as energy, coal industry, machine building, agriculture, transportation and communications.

Taking into account the great importance to the SRV economy of cooperation in the area of oil and gas exploration and extraction on the continental shelf of southern Vietnam, the participants at the meeting considered measures aimed at the successful completion of the first stage of work in this area.

During the meeting a protocol was signed for trade and payments between the USSR and SRV for 1985, in which a further increase in Soviet-Vietnamese trade volume was planned. Deliveries from the USSR to the SRV of energy, mining and lifting-transport equipment, agricultural and road-building equipment, trucks and automobiles, petroleum products, rolled ferrous metal products, fertilizers, cotton, consumer goods, and other items will continue.

Natural rubber, fresh fruits and vegetables, coffee, tea, footwear, carpets, and other items will be delivered from Vietnam to the Soviet Union in increasing quantities.

An inter-governmental agreement for 1986-1990 was signed which provides for cooperation in the area of fruit and vegetable cultivation in the SRV, which will then be exported to the USSR.

The Soviet delegation was headed by Deputy Chairman of the USSR Council of Ministers, N. V. Talyzin. The Vietnamese delegation was headed by Deputy Chairman of the SRV Council of Ministers, Tran Quynh. The Soviet delegation was received by chairman of the SRV Council of Ministers, Pham Van Dong.

Cooperation With Laos

The Soviet-Laotian Inter-governmental Commission for Economic and Scientific-Technical Cooperation has met in Vientiane.

At the meeting, which was conducted in an atmosphere of friendship and mutual understanding, the commission considered the issue of the further development of economic and scientific-technical cooperation between the two countries, which would aid in solving Laos' basic economic problems, strengthen the public sector of its economy, increase the size of the working class, and develop a Laotian professional cadre. Practical measures for the more efficient use of equipment, machinery, material, etc., from the USSR were discussed, with issues on scientific-technical aid to the LPDR. It was noted that the cooperation between the two countries was successfully developing.

The commission summed up the results of the fulfillment of mutual responsibilities for the delivery of goods. A protocol for trade and payments for 1985 was signed. Soviet deliveries of such important items for the Laotian economy as petroleum products, rolled ferrous metals products, paper, automotive equipment, road-building machinery and consumer goods will continue. An increase in deliveries from the LPDR to the USSR of high-grade timber, saw-timber, coffee, and other items was planned for.

The Soviet delegation was headed by Deputy Chairman of the USSR Council of Ministers, N. V. Talyzin. The Laotian delegation was headed by Vice Chairman of the LPDR Council of Ministers Sali Vongkhamsoa.

The Soviet delegation was received by the General Secretary of the Central Committee of the Lao People's Revolutionary Party, Chairman of the LPDR Council of Ministers, Kaysone Phomvihan.

Cooperation With Cambodia

The first meeting of the Inter-governmental Commission for Trade-Economic and Scientific-Technical Cooperation between the USSR and the PRK has taken place in Phnom Penh.

At the meeting, which was conducted in an atmosphere of friendship and mutual understanding, issues regarding the fulfillment of the parties' responsibilities covered by the Soviet-Cambodian accords on economic and technical cooperation for 1979-1984 and by the protocol on trade and payments for 1984, and a number of other issues were discussed.

It was noted that Soviet-Cambodian trade-economic relations are developing successfully. With the technical aid of the USSR, renovation, construction, and other work is being carried out in the areas of energy, agriculture, transportation, communications, construction industry, and others. The volume of trade is growing. Due to imports from the USSR, the PRK economy is meeting its demands for petroleum products, rolled ferrous metal products, fertilizers, machines, and equipment. An increase in deliveries to the USSR of traditional Cambodian export goods is planned--rubber, high-grade timber, tobacco, and several others.

The committee paid much attention to the issue of expanding cooperation in the area of rubber production, including Soviet technical aid to the PRK in improving hevea fields and renovating rubber processing plants.

A protocol for the meeting of the inter-governmental commission, a protocol on trade and payments for 1985, a cooperation program for natural rubber production in the PRK until 1995, and other documents were signed.

The Soviet delegation was headed by Deputy Chairman of the USSR Council of Ministers N. V. Talysin. The Cambodian delegation was headed by Deputy Chairman of the PRK Council of Ministers Chea Soth. The Soviet delegation was received by the Chairman of the Council of Ministers, PRK Minister of Foreign Affairs, Hun Sen.

CSO: 1825/54

CEMA/EASTERN EUROPE

INOZEMTSEV CALLS FOR FURTHER CEMA PLANNING INTEGRATION

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12, 1984
(signed to press 5 Dec 84) pp 21-24

[Article by Nikolay Inozemtsev, deputy chairman of the USSR Gosplan: "New Problems and Tasks"]

[Text] To the Economic Conference of the CEMA Member Countries at the Highest Level, which took place in Moscow in June of this year, belongs a special place in the history of economic cooperation of the countries of the socialist commonwealth. The Conference demonstrated the unity and cohesion of the CEMA member countries and their aspiration not only to strengthen and intensify the course taken toward the development of socialist economic integration, but also the desire to develop a common strategy for the economic development of the fraternal countries, taking into account the new external and internal conditions. As the general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, K. U. Chernenko, noted "the community of assessments and views in the basic and main things was confirmed anew, and the collective will was expressed to further strengthen the unity and cohesion of the fraternal parties and states."*

The Economic Conference took a big step forward in the coordination of economic policy and adopted very important documents, which set forth the main tasks of the planning, economic and other organs of the countries, as well as the CEMA organs in the sphere of economic cooperation for the long range.

At the present time, work has unfolded in all the CEMA member countries in regard to the composition of the basic directions of socio-economic development for the years 1986-1990 and to 1995. The main task, as was noted at the Conference, will consist in the acceleration of the transfer of the economy of our countries to the path of intensive development. This requires the realization of the thorough reconstruction and technical reequipment of the production potential that has been created, the securing--on the basis of the broad utilization of the achievements of science and technology--of a sharp increase in public labor productivity, the economy of labor and material resources in all spheres of economic activity, and the accelerated transition to a resource-saving path of the development of our economies. "The new five-year-plan," K. U. Chernenko pointed out, "must, above all, become the beginning of profound

*) PRAVDA, 15 June 1984.

qualitative changes in production and a five-year-plan of a decisive turning-point in the matter of the intensification of all sectors of our national economy."*

The Soviet Union and the other CEMA member countries are solving these difficult problems jointly, and their all-round economic interaction and economic cooperation have been transformed into a powerful factor of the economic and social development of the countries of the socialist commonwealth, in which the large problems of the formation of national economic complexes of the fraternal countries are solved, and the strengthening of the strategic positions of socialism in the world and our economic independence are secured, on a collective basis.

In this sphere considerable successes have been attained. In the 1970's, the rates of the economic growth of the CEMA member countries were twice as high as in the developed capitalist states, the national income increased on the average by 66 percent for the 10-year period, and the volume of gross production--by 84 percent. The mutual foreign trade turnover increased from 33 billion rubles in 1970 to 112 billion rubles in 1979, i. e., it more than tripled. Huge successes were attained during these years in the sphere of increasing the standard of living of people. It suffices to note that in the Soviet Union alone 1.6 billion square meters of living space were built during the past 15 years.

Qualitatively important advances in the dynamic of industrial production in the CEMA member countries are taking place in the course of the fulfillment of the current five-year-plans. An increasingly large part of the growth of industrial and agricultural production is being realized by virtue of labor productivity growth which is outstripping the plan calculations and by virtue of the improvement of the indicator of the efficiency of public production.

For the planning organs of the CEMA member countries, the unanimous decision of the participants in the Conference to strengthen and to develop the planning foundations of economic cooperation is fundamentally important. In the Declaration of the Conference, signed by the leaders of the communist and workers' parties of the CEMA member countries, it was pointed out: "The participants of the Conference proceed from the fact that the coordination of national economic plans will be concentrated on the solution of priority tasks and will be a main instrument for the coordination of economic policy in the spheres related to mutual cooperation. . . .**

The CEMA member countries have accumulated enormous experience in the sphere of the coordination of national economic plans. The mechanism for coordinating the plans, developed during many years, is operating reliably and makes it possible to solve large national economic tasks. However, the strategy of economic cooperation developed collectively by the Conference, which is based on the

*) K. U. Chernenko, "Narod i partiya yediny. Izbrannyye rechi i stat'i" [The Party and the People Are United. Selected Speeches and Articles], Moscow, Politizdat, 1984, p 418.

**) PRAVDA, 16 June 1984.

coordination of economic policy, is in need of a more perfect mechanism for the coordination of plans. It must have a more comprehensive character and encompass more thoroughly and fully the sphere of material production of the countries and the sphere of capital investments, and it must be organically linked with the long-term national plans of the countries. In the new, changed conditions of reproduction, connected above all with the growing capital-intensiveness of the production of fuel, power and raw material, and with the scantiness of the growth of material, labor and financial resources, the coordination of plans is called upon to secure not only the further intensification of integration and economic interaction of the countries, but also to realize more fully the readiness of the interested countries to make joint use of natural resources, material, labor, financial and other resources in the national and common interest. Serious support must, therefore, be given to the coordination of a structural policy called upon to secure the effective compensation of the participants in the cooperation both monetary and in physical form that is necessary for the further development of cooperation. This will be conducive to the thoroughly international solution of large economic problems of the development of our socialist commonwealth.

The Economic Conference devoted a great deal of attention to the problems of the acceleration of scientific-technical progress and adopted a decision on the development of the Comprehensive Program of the Scientific-Technical Development of the CEMA Member Countries, encompassing the period to the end of the present century. The Conference also determined the priority directions of the development of technology, on which the main efforts of the countries must be concentrated. These are electronics, the production of means of automation, including flexible automatic systems, nuclear power, the creation of new types of materials and technologies, and biotechnology. Unfortunately, up to this time the questions of scientific-technical progress have not been sufficiently worked out during the coordination of the five-year-plans, and for this reason questions of cooperation in the sphere of material production and scientific-technical cooperation have sometimes been solved, as it were, on parallel courses of development and have not been organically interconnected. This is one of the reasons why the problems of the quality and technical level of the mutually supplied goods have not been given the proper attention.

At the present time, work has developed in all the CEMA member countries on the coordination of national economic plans for the period 1986-1990, and on individual problems--to 1995 and for a longer period. The main task and also the main distinguishing feature of this coordination consists in the fact that already during the forthcoming five-year-plan it is necessary to set about the realization of the decisions and agreements adopted by the party and government leaders of the CEMA member countries at the Economic Conference. And this means that in the work on the coordination of the plans for the years 1986-1990 the cooperation must be oriented toward its active influence on the intensification of the economy of the CEMA member countries. The new stage of cooperation is characterized not so much by the increase of its volumes as by the qualitative changes of the reproduction process and by the solution of the problems that are common to all of us, such as the technical reequipment of production, the rational utilization of the created potential and resources, the better satisfaction of the requirements of the workers for high-quality goods.

Of great significance for the coordination of plans for the years 1986-1990 that has begun is its initial base. The cooperation of the CEMA member countries in the course of many years has made it possible to satisfy the overwhelming part of their requirements for fuel and raw material, machines and equipment, and consumer goods, securing in so doing the stability of their development. Our relations have acquired a large-scale character and reflect the close interlacing and enormous interdependence of our economies. It suffices to note that the commodity turnover of the USSR with the European CEMA member countries during this five-year-plan will come to 270-280 billion rubles. In spite of significant difficulties, the Soviet Union maintained the deliveries of the basic types of raw material and fuel to the countries of the commonwealth basically at the exceedingly high level of 1980, and for some types (natural gas, electric power) significantly exceeded this level. Thanks to the measures adopted in good time for the increase of the mining and utilization of solid-type fuels in our countries, the development of national programs for the economy of fuel and energy resources, a coordinated plan for the construction of nuclear power stations and the production of equipment for them, the accelerated construction of the Soyuz Gas Pipeline, and the increase in deliveries of electric power from the USSR through the 750 kilovolt electric power transmission line that was put into operation, the CEMA member countries succeeded in many respects to mitigate the solution of the problem of the fuel and energy balance during the current five-year-plan and to accomplish the task of the power supply of the progressive development of the national economy.

The Moscow Conference adopted exceptionally important decisions with respect to energy problems for the forthcoming five years, 1986-1990. In them was noted the necessity of a more effective unification of efforts of the countries in the solution of fuel-energy and raw material problems. In so doing, the coordination of capital investments and the coordination of a structural policy, which more fully corresponds to the requirements and possibilities of every country individually and the entire socialist commonwealth as a whole, are the main instrument and the main form of cooperation in this sphere. It is precisely on this basis that during the forthcoming five years we must expect the more active participation of the CEMA countries in the realization of the USSR Food Program, the Program for the Supply of the Population with High-Quality Industrial Consumer Goods and Services, and the delivery, to the Soviet Union, of low-power consuming and special chemistry, and the main thing--machines and equipment with high technical and economic parameters, which correspond to the highest world models.

A decisive role in the development of integration processes in the CEMA member countries is allocated to the cooperation and specialization of production in the machine building sectors. Today, as was noted at the Conference, questions of technical progress in machine building acquire not only the most important economic, but also political significance. It is precisely in the machine building sector that the center of gravity of the economic competition with capitalism is moving at the present time. The specialization and cooperation in the production of machines and equipment in the CEMA member countries is a most dynamic source of the growth of the socialist division of labor in our countries. The difficult work of many years in this sphere is producing its positive results, especially where the specialization and cooperation in production were carried out on a mutually advantageous, economically substantiated

basis, where the proposals for the mutual deliveries of machine building products resulted from the coordination of plans in interrelated sectors of production and were the result of the rational division of the production programs of associations and enterprises.

Such work requires the active participation, above all, of the industrial ministries in the coordination of the plans. They must head up the work on the specialization and cooperation in production in the sectors of manufacturing industry, attentively and thoroughly examine the questions of technology, design and the creation of new machines and technological processes, and carefully study the possible cooperation and division of labor with the least costs for the partners.

The efforts of the industrial ministries and the scientific-production associations must be concentrated in the first place on the priority directions of the development of machine building. These are the creation of new technologies and machines for light and food industry, the comprehensive treatment and preservation of all types of raw material and food, complexes of modern machines and equipment for the open mining of useful minerals, systems of machines and equipment reducing the use of manual labor in industry, as well as in agriculture and construction, the means of the automation of production processes, etc. The decision taken not long ago in our country concerning the creation of economic conditions to increase the interest of the ministries and enterprises in the broad development of international production cooperation on the basis of direct relations opens up new possibilities for the overcoming of technical and technological lag that has developed in some sectors and makes it possible to the effective unification of the efforts of scientific research and design organizations, to mobilize all creative possibilities of our numerous machine building cadres, and to resolutely eliminate everything that gives rise to a tendency toward technical stagnation. Evidently, in our agreements on specialization and cooperation in production, it is necessary to concentrate our efforts not on the consolidation of the output of articles that have already been produced in the course of a number of years, but on the creation of new progressive machines, equipment and instruments, and the acceleration of their production. This is especially important to do now, in the new, increasingly complicated conditions of reproduction in our countries, and we must be ready to make changes during the forthcoming five-year-plan in the structure and technical parameters of the mutual deliveries of machines and equipment.

During the current five-year-plan, equipment, machines and instruments for almost 70 billion rubles will be delivered from the CEMA member countries to the USSR. These deliveries from the fraternal countries are not only conducive to the growth of the production potential of our country, its renewal and modernization, but also secure the load of the machine building capacities that have been created in the CEMA member countries. In this lies the essence of integration as a factor of the acceleration of our common development. However, the decisions of the Moscow Conference compel us to deliberate about the elimination of the existing shortcomings in the work on specialization and cooperation in production and in the utilization of the available reserves in this sphere. We must proclaim a resolute struggle against the creation, in the CEMA member countries, of parallel inefficient industries on a low technical

level and the creation of capacities for the creation of machines and equipment which do not reduce, but increase the number of work places in our countries and do not diminish, but intensify the demand for raw material, fuel and energy. To a significantly greater extent, our cooperation must be directed toward the production of new technology which secures the solution of very large social and economic problems.

The joint realization of large-scale projects of cooperation in the sphere of material production requires a comprehensive approach, calculated for a long period of coordination of economic policy, and conditions of solving the problems of supplying the needs of our countries in regard to food, fuel and raw material, modern equipment, and consumer goods. The Conference convincingly confirmed that these problems have acquired an international character for the entire commonwealth of CEMA member countries and that they can and must be solved jointly through the efforts of the interested countries. For this reason, the strengthening of the economic efficiency and mutual benefit of co-operation on the basis of a fuller account of the interests of the participating countries and the achievement of the balance of trade and payment relations are acquiring paramount significance in the work on the coordination of plans. This is a very important prerequisite for the dynamic growth of the economic relations among our countries. Guided by these principles, the planning and economic organs of our countries are obligated to approach the coordination of the volumes, structure and proportions of the mutual deliveries of goods for the years 1986-1990.

The maintenance of deliveries of oil and oil products and other types of raw material in short supply at a high level to the fraternal countries requires great efforts and large one-time expenditures from the Soviet Union. In these conditions, obviously, the Soviet side has the right to count on their effective compensation. In experiencing a certain shortage of investment funds for the development of the group "B" sectors, the service sphere, and some sectors of machine building, we hope, together with the CEMA member countries, to carry out a necessary economic maneuver in the near future, which will allow the Soviet Union to receive, in exchange for the fuel and raw material that is being supplied, increasing volumes of products of equal economic value from the CEMA member countries, including food, industrial consumer goods, low-tonnage chemical and design materials, and machine building products of a high technical level. There are objective prerequisites for this. Many fraternal countries have a developed base for the production of high-quality machine building products, consumer products, long-established traditions in this sphere, and experienced personnel. The Soviet side is interested in broader cooperation with the organizations of the fraternal countries in the reconstruction and modernization of a number of industries in our country, including light, food, and local industry, and enterprises of the service sphere.

Of great significance in the forthcoming five-year-plan for our cooperation will be the state of the calculations and payment relations among our countries. In the coordination of the plans for the years 1986-1990, we must concern ourselves not only with the expansion of the commodity turnover among our countries, but also secure the necessary balance of calculations and payment relations for the entire long-term period. Consistent observance of the principle of balance in our payment relations is, in our view, a necessary and

obligatory condition, which must be observed by all countries. In noting this circumstance, we must in the course of the coordination of plans take into account the decision of the Conference concerning the fact that the CEMA member countries regard it as their international duty to continue, on the existing equitable basis, the extension of assistance to the Socialist Republic of Vietnam, the Republic of Cuba, and the Mongolian People's Republic in the acceleration of the development and increase of the efficiency of their national economy.

In developing the basic directions of the development of the national economy for the long-term, the USSR Gosplan proceeds from the instruction of the CPSU Central Committee and the Soviet government concerning the fact that the intensification of economic cooperation, the further rapprochement of the socialist countries, and economic integration are the most important regularity of our advance along the path of developed socialism and communism.

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CEMA/EASTERN EUROPE

PROBLEM AREAS IN CEMA PLANNING INTEGRATION DISCUSSED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12, 1984
(signed to press 5 Dec 84) pp 14-16

[Article by (Kharri) Mueller, deputy chairman of the GDR State Planning Commission, Representative of the GDR to the Buro of the CEMA Committee on Cooperation in Planning: "The Systematic Improvement of Cooperation"]

[Text] Political stability, dynamic economic growth, and the consistent continuation of the course for the unity of economic and social policy in the name of the good of the people--such is the path pursued by the Socialist Unity Party of Germany in observing the 35th anniversary of the formation of the GDR. This contribution of our state to the cause of the preservation of peace is inseparably linked with the further intensification of socialist economic integration.

Experience has shown that the problems of our internal development are solved the more successfully the broader and more effective the cooperation with the USSR and the other countries of the socialist commonwealth. The general secretary of the SED Central Committee, Erich Honecker, in a speech at the 7th Plenum of the Central Committee, emphasized: "In the process of the further realization of our economic strategy, too, we are counting on the increase of the power of our own industry and our agriculture, of course, leaning on the purposeful improvement of scientific-technical cooperation with the Soviet Union and the other CEMA member countries, as is already being realized by us."

The basic method of the systematic improvement of cooperation, as well as the most important means of the development of stable and mutually advantageous economic and scientific-technical relations among the CEMA member countries is the coordination of the five-year-plans. This provision, which follows from the Comprehensive Program of Socialist Economic Integration, remains unconditionally in force for the years 1986-1990 as well.

As was emphasized at the Economic Conference of the CEMA Member Countries at the Highest Level, "the coordination of the national economic plans will be concentrated on the solution of the priority tasks and will be the main instrument for the coordination of economic policy in the spheres related to mutual cooperation, and by interested countries--in other spheres as well, and of the formation of stable economic and scientific-technical relations among the CEMA member countries, as well as of a basis for the development of their national plans in the part which touches on mutual cooperation."

The common basis for the activity of the representatives of the GDR in the conduct of consultations regarding the coordination of plans with the USSR and the

other CEMA member countries are the understandings concerning the long-term development of economic and scientific-technical relations reached at the time of the official friendly visit of the party and government delegation of the GDR in the USSR in May 1983 and in the course of the meetings of the general and first secretaries of the fraternal parties.

In the first stage of the coordination of the plans, the GDR State Planning Commission, jointly with the ministries and combines, introduced proposals indicative of the active and constructive approach of our Republic to the development of economic relations with the USSR and the other fraternal countries.

Cooperation with the USSR is the basis of socialist economic integration [in boldface]. Considering the development of integration as the main requirement of policy as a whole, we are advancing the coordination of plans for the years 1986-1990, first of all with the USSR, into first place in all of our preparatory work with respect to the further improvement of economic cooperation with the countries of the socialist commonwealth.

At the present time, fundamental decisions have been adopted which meet the new requirements resulting from the accelerated transition of the economy of both the USSR and the GDR to the path of intensive development, as well as from the supply of our country with raw material. This must become the reference point in the work of all state and economic organs.

Close coordination of cooperation in the sphere of science and technology, capital investments and production [in boldface]. Above all, through unification and rational utilization of the scientific-technical potentials of both countries, results must be rapidly attained which are quickly introduced in practice and which allow, on a broad front, to increase labor productivity, reduce the expenditures of materials and energy, and to attain the more thorough treatment of raw material and fuel.

In the coordination of long-term plans in the sphere of scientific-technical cooperation, the goal consists in attaining, to the advantage of all partners, appreciable economic results on the basis of the selected directions of cooperation. In so doing, we are proceeding from the close coordination of the main subjects of cooperation with the basic questions of economic relations. This also makes it possible to attain better mutual coordination of cooperation in the sphere of science, technology, capital investments, and production. We consider as the main directions of scientific-technical cooperation with the other CEMA member countries until 1990, the following:

--The development of power engineering, especially nuclear, the rational utilization of energy resources, including secondary ones, and the optimization of energy-intensive processes;

--the creation and introduction of new efficient production technologies, above all of the the treatment of raw material and fuel, the utilization of secondary raw material, and the economy of energy, materials and labor resources;

--research and development in the sphere of microelectronics, robot technology, information processing, automation of production processes on a single element basis;

--measures aimed at the expansion of the assortment of high-quality consumer goods;

--the introduction of progressive production technologies and the results of selection work and microbiology to strengthen the material-technical base of agriculture and the food industry;

--the increase of the technical level and the improvement of the quality of mutually supplied goods all the way to the joint development of technical parameters for the basic products and standardization measures.

The clear-cut orientation of scientific-technical cooperation toward the basic problems of economic relations requires close coordination of the actions of the planning organs, the industrial ministries, the state organs which are responsible for the development of science and technology, and the scientific institutions.

The important problem of the coordination of plans is the supply of the GDR economy with raw material [in boldface]. In the coordination of plans in the future, too, we place in the center of attention the guarantee of stable raw material and fuel deliveries as the task of economic strategy, which is of vitally important significance.

During the last decade and a half, the GDR has accumulated a large amount of experience of cooperation in this sphere, especially with the USSR. It took part in the creation and expansion of capacities on the territory of other countries of the socialist commonwealth in order to secure long-term stable deliveries of raw material. We are talking, in particular, about the installation of a cellulose plant in Ust'-Ilimsk, the Kiyembayevskiy Asbestos Combine, the laying of gas pipelines from the USSR, the installation of a nickel plant in the Republic of Cuba, etc. Proceeding from this, we expressed the willingness to carefully examine concrete proposals for the years 1986-1990.

The GDR holds an active position with respect to all problems of raw material supply. Our country introduced the corresponding proposals concerning export, which are aimed at covering the import needs of the Soviet Union in regard to high-quality industrial products in exchange for oil and raw material. Thus mutually acceptable solutions are being developed, taking into account the objective economic conditions of the USSR and the other fraternal states.

Extending assistance, on the principles of socialist internationalism, to the non-European CEMA member countries--the SRV, the Republic of Cuba, and the Mongolian People's Republic--we are concentrating it on projects that are conducive to the efficient development of the production and export potential of these countries. Thereby possibilities are created for the long-term supply of the GDR with raw material being imported from these countries.

The intensification of specialization and cooperation [in boldface]. In this sphere, in accordance with the requirements of scientific-technical progress, coordinated actions in regard to the development and introduction, in production, of new products, machines and equipment, as well as instrument systems,

are being advanced into the foreground. All proposals relative to this progressive form of cooperation will be carefully examined from the point of view of their national economic effectiveness.

The proposals of the GDR in regard to the intensification and expansion of specialization and cooperation to an increasingly large extent will be aimed at the development of a structure of production and export that corresponds to the requirements of intensification, rationalization, modernization and reconstruction of fixed assets and the increase of the quality of goods.

In the first place, taking into account scientific-technical progress and the needs of the national economies of the CEMA member countries, especially the USSR, we will have to set to work on the coordinated development and introduction, in production, of articles, machines, equipment and instrument systems that guarantee a higher level of treatment of materials and raw materials.

In complete conformity with the content of the documents of the Economic Conference at the Highest Level, special significance is being given to the development of cooperation in electronics and its application, above all in robot technology.

The consolidation of the results of coordination of plans in treaties and agreements is an important method of work [in boldface]. The program of the coordination of plans for the years 1986-1990, which was approved by the CEMA Session (36th Meeting), envisages the signing of appropriate protocols between the central planning organs in 1985. Thereby are created the prerequisites for the conclusion of long-term trade agreements for this period. With respect to some questions, we are trying to conclude agreements still earlier. For example, in June 1984, at the session of the Intergovernmental Commission for Economic and Scientific-Technical Cooperation Between the GDR and the USSR, agreements, protocols, and understandings were signed between the GDR and the USSR on cooperation in the development and production of some modern passive electronic elements, the organization of the production and mutual deliveries of road machines for railway transportation, the production of highly productive gas compressors, equipment for the manufacture of polyamide textile fibers, as well as agreements of the GDR with other fraternal countries, for example on the output of television tubes for color televisions and on the production of olefins--with the CSSR.

In the first stage of the coordination of plans for the future five-year-plan, basic directions for the further cooperation, above all, are being discussed and coordinated. In the second, agreements are being prepared and concluded concerning the development of cooperation in the sphere of science and technology, capital investments, specialization and cooperation, and on mutual commodity exchange.

In the Declaration "The Preservation of Peace and International Economic Cooperation", adopted at the Economic Conference at the Highest Level, the CEMA member countries emphasized that, leaning on their growing economic and scientific-technical potential, on the advantages of the socialist planned management, and strengthening the unity and cooperation, they have everything necessary to withstand any pressure and discriminatory measures and any attempts

to impede their development and participation in international economic cooperation.

The German Democratic Republic will make active use of the coordination of plans with the CEMA member countries in the future five-year-plan so as to concentrate, with joint efforts, the economic power of our entire commonwealth on the solution of the concrete tasks of the second half of the 1980's.

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CEMA/EASTERN EUROPE

CEMA 1983 FOREIGN TRADE STATISTICS

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 12, 1984
(signed to press 5 Dec 84) pp 64-66

[Article by Valeriy Orlov of the CEMA Secretariat "Foreign Trade Totals for the CEMA Countries in 1983"]

[Text] An important fact which is conducive to the successful implementation of the decisions adopted at the Economic Conference of the CEMA Member Countries at the Highest Level is the trade and economic cooperation of the CEMA member countries. The results of the three years of the current five-year-plan show that the foreign trade of the CEMA member countries is developing successfully. Its scales and high rates of growth are indicative of the further expansion and intensification of the international socialist division of labor and the strengthening of the integration processes in production, science and technology.

In 1983, the foreign trade turnover of the CEMA member countries with all countries in the world amounted to 285.5 billion rubles in current prices and increased by 8.2 percent compared with 1982, and by 27.3 percent compared to 1980. The scales of the trade relations are also indicated by the fact that the absolute growth of the commodity turnover of the fraternal countries for 1983 is 2.5 times greater than the turnover with all countries in 1950.

The growth of the foreign trade turnover of the individual CEMA member countries as a whole is indicated in Table 1.

By comparison with 1982, export increased by 8.9 percent and by comparison with 1980--by 32.3 percent, and import--by 7.5 percent and 22.3 percent respectively.

The mutual trade of the CEMA member countries is developing at the highest rates. Its annual growth for the three years of the current five-year-plan reached 11.4 percent, and the dynamic of the growth for the individual CEMA member countries in 1983, by comparison with 1982, amounted to 14.6 percent in the People's Republic of Bulgaria, 9.2 percent in the Hungarian People's Republic, 9.6 percent in the GDR, 14.4 percent in the Republic of Cuba, 14.2 percent in the Mongolian People's Republic, 12.9 percent in the Polish People's Republic, 6.3 percent in the Socialist Republic of Romania, 11.2 percent in the USSR, and 11.9 percent in the CSSR. For the fraternal countries as a whole, the mutual foreign trade turnover increased in 1983 by 11.3 percent in comparison with the preceding year, and in comparison with 1980--by 38.4 percent.

Table 1. Growth of Foreign Trade Turnover of CEMA Member Countries, 1980-1983

	(1) НРБ	(2) ВНР	(3) ГДР	(4) Республика Куба	(5) МНР	(6) ПНР	(7) СРР ¹	(8) СССР	(9) ЧССР
(10)									
1983 г. в % к		108,8	114,0	110,6		112,2		113,7	109,7 ²
1982 г.								101,4	106,6
1983 г. в % к								109,0	
1980 г.		138,4	135,7	133,6		136,8		161,8	95,7
								85,4	135,4
									127,8

1. Here and subsequently the indexes for the Socialist Republic of Romania are calculated in lei.
2. Calculated with regard to the exchange rates of the International Bank for Economic Cooperation.

Key:

1. People's Republic of Bulgaria	6. Polish People's Republic
2. Hungarian People's Republic	7. Socialist Republic of Romania
3. GDR	8. USSR
4. Republic of Cuba	9. CSSR
5. Mongolian People's Republic	10. In % of

The growth of the mutual commodity turnover of the CEMA member countries in the current five-year-plan (in prices of the corresponding years) is shown in Table 2.

Table 2. Growth of Mutual Commodity Turnover of CEMA Member Countries (in Prices of the Corresponding Years), 1980-1983 (Millions of Rubles)

(1) Страна	1980 г.	1981 г.	1982 г.	1983 г.
НРБ (2)	9 623	10 765	12 267	14 062
ВНР (3)	10 303	11 641	12 803	13 977
ГДР (4)	16 122	18 061	19 593	21 478
Республика Куба (5)	5 541	6 273	7 685	8 790
МНР (6)	616	763	878	1 002
ПНР (7)	13 211	12 965	14 373	16 231
СРР (8)	5 714	6 509	6 319	6 734
СССР (9)	45 777	52 185	58 702	65 257
ЧССР (10)	13 252	14 596	16 619	18 593

Key:

1. Country	6. Mongolian People's Republic
2. People's Republic of Bulgaria	7. Polish People's Republic
3. Hungarian People's Republic	8. Socialist Republic of Romania
4. GDR	9. USSR
5. Republic of Cuba	10. CSSR

The significance of the mutual exchange of the fraternal countries can also be judged by its proportion in the total volume of foreign trade in 1983, which in the People's Republic of Bulgaria amounted to 76.8 percent, the Hungarian People's Republic*--49.6 percent, the GDR--62.5 percent, the Republic of Cuba--83.1 percent, the Mongolian People's Republic--97.2 percent, the Polish People's Republic--68.4 percent, the Socialist Republic of Romania--47.7 percent, the USSR--51.2 percent, and the CSSR--71.9 percent.

The steady growth in the mutual deliveries of goods and services is concrete confirmation of the cooperation of the economies of the CEMA member countries, the expansion and intensification of the international socialist division of labor. The mutual trade of the CEMA member countries plays an important role in the successful execution of the plans for their social and economic development.

The commodity turnover with the socialist countries not belonging to the CEMA in 1983 remained at the level of the preceding year, but increased by 21 percent compared to 1980. The economic relations of the fraternal countries with Yugoslavia are developing especially intensively. Built on the principles of sovereignty, equality and mutual advantage, they were consolidated by the Agreement Between the Government of the Socialist Federal Republic of Yugoslavia and the Council for Mutual Economic Assistance and tested by practice of many years. During 1964-1983, the commodity exchange of the CEMA member countries with Yugoslavia increased 19-fold and in 1983 attained 8.5 billion rubles, i. e., three-fourth of the trade turnover with the socialist countries not belonging to the CEMA. In their turn, the share of the the CEMA member countries in the foreign trade turnover of the Socialist Federal Republic of Yugoslavia during 1983 came to about 41 percent.

In the difficult situation of today, the fraternal countries acknowledge the desire to maintain mutually advantageous trade and economic relations with the developed capitalist countries. However, as the result of the discriminatory character of the foreign trade policy of a number of imperialist states, which aspire to prevent the development of equal cooperation with the socialist countries, the share of commodity turnover with the developed countries in the total foreign trade turnover of the CEMA member countries has constantly decreased in the course of the last three years.

The basic trade partners of the countries of the socialist commonwealth among the capitalist states are the countries of Western Europe, which account for three-fourths of the foreign trade turnover with the developed capitalist countries. The commodity turnover among the CEMA member countries and the EEC countries constitutes at the present time about 4 percent of the commodity turnover of the EEC countries and more than 14 percent--of the CEMA member countries.

*)The proportion of the mutual trade, cited on the basis of official foreign exchange rates of the Hungarian National Bank and calculated on the basis of the conversion of foreign exchange being converted into transfer rubles in accordance with the average annual exchange rates established by the International Bank for Economic Cooperation, amounts to 66.9 percent.

The largest trade partners from the group of the developed capitalist countries in 1983 were the FRG, Italy, France, Finland and Austria. Thus, the commodity turnover between the CEMA member countries and the Finnish Republic [as published] in 1983 remained at a high level. By comparison with 1980, it increased by 24 percent. The share of the fraternal countries in the foreign trade turnover of Finland was equal to 28.2 percent in 1983.

The trade with the developing countries continued to be implemented. Aspiring to intensify their trade and economic relations with them, the CEMA member countries are helping them in the consolidation of their political independence and the achievements of economic independence. The volume of commodity turnover with the developing countries of Asia, Africa and Latin America in 1983 increased by 4.5 percent compared to 1982 and amounted to 11.4 percent of the total volume of the turnover of the CEMA member countries.

The countries of the socialist commonwealth are mainly supplying machines and equipment for various sectors of industry, transportation and agriculture to these countries. About 35 percent of them are exported in the form of the delivery of complete sets. And more than four-fifth of the volume of imports of these states in 1983 were accounted for by three commodity groups--fuel, mineral raw material, metals, raw material for the production of food-producing commodities and raw material and products for its treatment (non-food products).

The largest trade partners of the CEMA member countries in this group of countries in 1983 were Libya, Iran, India, Iraq, and Brazil.

The development of the trade and economic relations of the fraternal countries with the developing states contribute to the strengthening of the independence of their national economies and their struggle against the neocolonial policy of the Western monopolies.

In 1983 no important changes in the commodity structure of the exports and imports of the CEMA member countries took place: Oil, mineral raw material, and metals constitute the largest share in the exports to all the countries (38.6 percent), and machine building products (33.5 percent)--in imports.

The share of the individual commodity groups in the total volume of the exports and imports of the CEMA member countries is shown in Table 3.

In 1983, the fraternal countries increased the export of machine building products to all countries by 7.7 percent, compared with the preceding year. The successes of the European CEMA member countries in machine building and in the production of new and technologically more perfect types of equipment are indicated by the fact that for the majority of these countries the share of the production of machine building constitutes half of the export in the trade with all countries of the world (CSSR--54.8 percent, the People's Republic of Bulgaria--48.4 percent, the GDR and the Polish People's Republic--47.8 percent).

During the years 1981-1983, one of the most important directions of the cooperation of the fraternal countries--specialization and cooperation in production--received further development. If the average annual rates of growth of the mutual trade of the CEMA countries for the three years of the current five-year

plan came to 11.4 percent, that of special machine building products was 17 percent.

Table 3. Commodity Groups in the Exports and Imports of CEMA Member Countries in Percentages of Total Trade Volume, 1980-1983

(1) Товарные группы	(2) Экспорт		(3) Импорт	
	1980 г.	1983 г.	1980 г.	1983 г.
(4) Машины, оборудование и транспортные средства	29,1	28,0	32,7	33,5
(5) Топливо, минеральное сырье, металлы	35,7	38,6	26,6	29,0
(6) Сырье и продукты его переработки (непроводольственные), сырье для производства пищевкусовых товаров, пищевкусовые товары	14,2	12,4	22,7	19,4
(7) Промышленные товары народного потребления	9,0	8,1	8,3	8,7
(8) Химические продукты, удобрения, каучук, строительные материалы и другие товары	12,0	12,9	9,7	9,4

Key:

1. Commodity groups	6. Raw material and products of its treatment (non-food products), raw material for the production of food-producing commodities, and food-producing commodities
2. Exports	7. Industrial consumer goods
3. Imports	8. Chemical products, fertilizers, raw rubber, building materials and other commodities
4. Machines, equipment and means of transportation	
5. Fuel, mineral raw material and metals	

For example, Bulgaria, which specializes in the production of underground transportation equipment, in 1983 supplied its CEMA partners with about 39,600 battery-operated trucks and electric loaders, which constitutes more than 97 percent of the total exports of this production.

From year to year there is an increase in the export of comfortable buses from Hungary to the CEMA countries. In 1983 10,800 of them were supplied, which is equal to 97 percent of their total exports. Within the framework of specialization, the Soviet Union in 1983 supplied 57,500 cars to the CEMA member countries.

Large-scale production and deliveries of specialized products have been arranged also in other subdivisions of machine building: Metalworking and power equipment in the GDR; road and road construction equipment and machines in the People's Republic of Poland; metal-cutting machine tools and means of transportation in the CSSR; oil-extracting equipment in the Socialist Republic of Romania, etc.

In 1983 the share of specialized production in the total volume of mutual exports of machine building products of the CEMA member countries reached 41 percent.

The export of fuel, mineral raw material and metals by the fraternal countries to all countries increased in 1983 by 11.4 percent in comparison with 1982.

The mutual deliveries of this production are of exceptionally great significance for supplying the ever-growing demand of the CEMA member countries for energy, fuel, and basic types of raw materials. In 1983, as before, the deliveries of the USSR play a decisive role here.

By virtue of mutual deliveries, in the first place from the USSR, the import requirements of the CEMA member countries for oil and oil products were satisfied to the extent of more than 70 percent in 1983, for natural gas--more than 93 percent, coal--almost 100 percent, electric power--98 percent, and iron ore --77 percent.

The mutual export of consumer goods among the CEMA member countries increased by 6.3 percent in comparison with the preceding year. More than half of their export of light industry products, the fraternal countries sell in the USSR. In its turn, there is a great demand in the international socialist market for Soviet consumer durables--television sets, radios, clocks, photo equipment, and refrigerators. In 1983, the CEMA member countries received from the USSR 518,000 household refrigerators, 610,000 television sets, 9.7 million household clocks, etc. The GDR supplies the CEMA partners with electrical and lighting equipment and sewing machines; the CSSR--footwear, dishes, jewelry; the Hungarian People's Republic and the Polish People's Republic--electrical goods, footwear, clothing, and medicine.

Through mutual trade, the CEMA member countries covered their import requirements for footwear to the extent of 73 percent in 1983, for furniture--90 percent, medicine--71 percent, sewing machines--93 percent, refrigerators--90 percent, cameras--90 percent, radios--70 percent, television sets--75 percent, and washing machines--97 percent.

The results of the three years of the current five-year-plan show that the foreign trade of the CEMA member countries is actively contributing to the solution of the tasks set by the Economic Conference of the CEMA Member Countries at the Highest Level for their economic and social development.

The deepening process of the integration of the fraternal countries confronts us with the problems of increasing the export potential, above all in the processing sectors of industry, increasing the efficiency of foreign trade, improving the structure and balance of foreign trade, expanding specialization and cooperation, and perfecting the mechanism of mutual cooperation.

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CEMA/EASTERN EUROPE

PROBLEMS OF CEMA BALANCE OF PAYMENTS DISCUSSED

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian
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[Article under collective authorship of an international group of scientists: S. Stoilov (NRB), M. Buza and M. Shimař (VNR), P. Zyudov (GDR), V. Iskra (PNR), V. Gzovskiy and K. Mikul'skiy (USSR), M. Grnchirzh and K. Dyba (CSSR): "Problems of Foreign Economic Balance in the CEMA Nations"]

[Text] This article examines contemporary problems of achieving and maintaining a state of balance in the foreign economic sphere, and the position and role of this sphere in the structure of the economies of the CEMA nations. It also analyzes the causes for possible disruptions in foreign economic equilibrium and ways for restoring it.

With the increasing role of the international division of labor and economic life of the socialist countries, it is becoming increasingly important to ensure a state of balance in the sphere of foreign economic ties of each state, to include foreign trade in goods and services, credit relationships, exchange of scientific-technical information, and so on.

Depending on the specific conditions and on the peculiarities of the development of one country or another, the scale of the foreign economic sector in their national economy, the degree of its isolation, and the depth and intensity of its ties with the other sectors of the national economy take shape in different ways. However, in each of the countries it is an inherent, integral part of its national economy, and its significance lies in: supplementing domestic economic activities, and ensuring that the national economy is included in the process of internationalization of production and in the system of its international specialization and cooperation; creating conditions for realizing the ensuing opportunities for overcoming domestic "barriers" to economic growth; and utilizing the advantages of international trade activities.

The degree of equilibrium in the sphere of foreign economic ties of a country reflects on the whole the condition of the balance of domestic economic factors, and in turn renders a certain influence on it. With respect to the form of foreign economic ties, each one has its own balance

of resources and needs, but from the point of view of the state of balance of the economy as a whole, the state of balance of its foreign sector can be defined as that development of foreign trade, credit relationships and the like which guarantees correspondence between resources and needs within the country, and promotes its economic growth. The relationship of the production and use of the national income within the country can serve as a much more general indicator of such a state of balance.

The conception of the foreign economic state of balance should not be oversimplified: it does not signify a requirement for absolute equilibrium for any specific moment or period. The state of balance in the foreign economic sphere should be understood as a long-term trend. This is shown in a particularly vivid manner in those cases when there is a significant temporary gap between expenditures and their effect, which is quite often very characteristic for foreign economic ties, especially with international credit. One must also bear in mind that in world practice granting credit has become a common condition for many trade transactions. Cases are quite common in which a country has a certain source of currency receipts, from shipments in transit for example, and regularly utilizes it for paying off a trade deficit with goods, whereas the appearance of indebtedness for some items in the balance of payments does not coincide with receipts for other items.

At any given time one kind of disbalance or another is a typical condition for the sphere under examination. It can for a certain period serve as an effective instrument for maintaining a state of balance in the domestic economy. A passive balance in foreign economic ties is for the national economy a source for receiving additional material resources which may be used, for example, for the technological or structural reorganization of native industry. Of course, such a method for expanding the resource base signifies that in the future limiting factors will come into play (debt liquidation and interest payments). In this sense a passive foreign trade balance and credit are merely temporary gains; moreover, they are not free: the payment for such gains is the interest for the credit. But it is precisely the accelerated solution of this or that national economic problem by means of mobilization of additional resources brought in from abroad which can play a very important role in ensuring economic growth, and in the realization of opportunities for scientific-technical progress and improving the structure of the national economy--in particular in overcoming the disproportions which have arisen. At the same time it should be stressed that we can achieve this result only under carefully-defined conditions: if the country effectively assimilates the resources brought in from outside, and the growth in national income received on the basis of their use exceeds in an acceptable period the amount of payments to other countries. It is also important to take into consideration the fact that in building an economic relationship between the socialist and the capitalist states, one must resist any attempt by the latter to utilize economic ties as a means of political pressure.

As far as the foreign economic sphere itself is concerned, the state of its overall state of balance is characterized chiefly by the amount of the balance of payments to be carried over. At the same time one must take into

consideration the fact that at the present stage the domestic currency of the CEMA nations is not convertible, and the system for domestic price formation is to one degree or another isolated from the influence of business conditions on the world market. On the one hand such a situation creates certain guarantees for the defense of the national economy from the elements of the world capitalist market; but on the other hand, it makes it necessary to continually pay attention the various changes in international trade conditions, which give birth to the problem of adaptation. With a radical increase in the price of any commodity the country which imports this commodity is faced first of all with disruption of its foreign economic equilibrium, whereas in the domestic economy automatic and immediate changes do not take place. Planning organs can prolong the terms of adaptation by means of financing the trade deficit at the expense of foreign credits, or can take measures for immediately adapting the country's foreign economic ties to the new situation--for example, by means of transferring a portion of the domestic resources to exports. At the same time, various spheres of the national economy can serve as the source of such resources. It is important to stress, however, that in the majority of cases, and especially with the country's active participation in international trade activities, the need arises to not limit oneself to the measures cited above, but to carry out one kind of reorganization or another in the national economy, in its "domestic" sectors, for the purpose of better accounting for world displacements in the criteria for the economic effectiveness of production, in the degree of attainability of one kind of resource or another, etc.

One can assert that, although the disbalance in the sphere under examination quite often is caused by fluctuations in foreign business in the world market, the duration and degree of its influence on certain sectors of the national economy, as well as the specific objects of such influence, depend to a great extent on the decisions of the planning organs, and in this sense the influence of external factors on the socialist economy is regulated on the national level. At the same time the central planning and economic organs bear a heavy responsibility, for they are called upon to find the optimal solution and to ensure the proper reation of the national economy to changes, and especially to long-term changes, in world economic ties.

Owing to the relative isolation of the foreign economic sphere, it can serve the purposes of restoring a state of balance in domestic economic ties and, reciprocally, domestic resources are quite often utilized for liquidating foreign economic deficits. In recent years the economic development of the CEMA nations provides examples of such a reorientation.

For example, in the CSSR and a number of other European CEMA nations, up to about the middle 1970's foreign economic ties used to function as an instrument for overcoming "bottlenecks" in domestic economic activities, and the state of balance of such ties represented a kind of residual quantity, a result of this process even in conditions of a rather high proportion of involvement of the foreign economic sphere in the national economy. Such a policy became possible due to the relative stability on the world market for an extended period and to favorable sales conditions for export commodities.

Even after the mid-1970's, when the situation changed drastically as the result of sharp price increases for energy sources, economic policy gave preference to domestic goals. The preservation of previous trends (in spite of a certain state of inertia in the economy) is explained by the fact that the development program for the second half of the 70's proceeded from the possibility of improved market conditions in the markets of the capitalist nations and relatively high growth rates in the native economy. Preservation of the domestic state of balance at the previous level was maintained at the cost of increasing the deficit in the trade balance, and adapting the economy to the new situation was put off by receiving foreign credit.

However, the worsening trade situation with the capitalist countries continued during the years 1976-1980, and the European countries were forced to export an ever-increasing portion of their commodities per unit of import from CEMA. In spite of the purely quantitative limitations connected with the economic depression in the West, the market conditions in world trade also experienced qualitative changes (new trade ratios, strengthening protectionism, and a shift in the technical-economic requirements presented for the goods). All of this, along with the many-faceted and quite often purely artificial limitations introduced by the capitalist states, complicated exports from the European socialist countries and did not allow them to maintain equilibrium of trade and the balance of payments.

This also had an effect on the significance of providing for domestic equilibrium in the overall process of achieving a macroeconomic state of balance. A change in priorities took place: ensuring a state of balance in the foreign economic sphere was made one of the basic determinants when planning the development of the national economy. From an instrument for overcoming "bottlenecks", foreign economic ties themselves were changed into a "bottleneck", into a palpable limitation on economic development. The decisive method for changing such a situation is the development of an effective export potential.

In this connection the question arises as to what are the permissible limits of deviation from the foreign economic state of balance. In the general theoretical plane, it goes without saying that the limit of deviation is the ability of the national economy to meet its obligations. However, the indicators and methodology proposed by various scientists to make this situation concrete are based on different economic parameters, while estimates of the state of balance permissible at one time or another significantly differ in their amounts, fluctuating between 25 to 40 per cent of annual national income.

Differences in estimates are connected with the complexity of the problem under discussion. On the one hand, they are brought about by its complex multifaceted nature, which is specific for each country; on the other, to a significant extent by the indefinite and uncertain situation with respect to financing and sales in the foreign markets, the currency situation, the overall market conditions for world trade, etc. One should also take into consideration the fact that mutually granting credit to the socialist countries and use of the capitalist credit market gives birth to various kinds of problems, and this must be borne in mind when evaluating the effect of imbalance in foreign ties on economic development. It goes without

saying that one should not allow such a digression from the state of balance in the foreign economic sphere to go on for a long time, where the annual total amount of repayments exceeds the annual growth in national income; and as a result the volume of the national income used within the country decreases, with the accompanying negative consequences either for savings, for the living standard of the populace, or for both one and the other at the same time. And it is on savings, and partially on consumption as well, playing the role of stimulus to production, that the dynamics of economic growth depends, and this also means the ability to preserve the state of balance (or to overcome a state of disbalance) on the basis of liquidating indebtedness in the foreign economic sphere. And if one assumes that neither the consumption fund nor the savings fund will be used to liquidate the passive balance of payments, then exceeding the allowable limits for disrupting the foreign economic equilibrium will require extending the period for liquidating the annual indebtedness with the aid of additional credits. And this is highly undesirable, especially if one bears in mind the trend for worsening credit conditions.

It must be stressed that, the fluctuations of world market conditions notwithstanding, the greater the solvency of the national economy and, consequently the broader the allowable debt limits, the more effective will be the use of the foreign credits received for investment in the domestic economic sphere.

While taking advantage of economic ties with developed capitalist countries, the CEMA nations are following a course for limited combination of equal and mutually profitable cooperation with assurance of a sufficient level of technical and economic independence. The existing requirement for a certain increase in this level was brought about not by the significant overall volume of trade of certain CEMA nations with the developed capitalist states, but by their extraordinary dependence on the import of certain kinds of raw materials, supplies, semi-finished goods and finished products (for example, certain kinds of lacquers and paints, certain kinds of assembled equipment and the like) utilized in the manufacture of a wide variety of articles, which reflect to one degree or another the incomplete nature of the structure of production in these countries.

One of the conclusions which derives from analysis of the situation which took shape by the early 1980's is, that one must not overestimate the ability of economic ties with the developed capitalist states to raise the national economies of the socialist countries. This is brought about by the instability of the world capitalist economy, which is subject to cyclic and other crises, by the negative influence of its essentially spontaneous fluctuations in supply and demand, and with changes in world prices, credit rates and so on, which are unfavorable for the socialist countries. All of this has a negative effect on trade and other forms of economic ties between socialist and nonsocialist countries. Especially unfavorable in this respect in the past decade is the increase in protectionism in the world capitalist economy and in the substantial worsening of business conditions in the world trade, which is expressed in low export dynamics.

The degree of reliability of the capitalist states as partners in economic cooperation also depends on the changing correlation of contradictory trends in their policy on questions of economic ties with the socialist countries: trends for developing these ties on the basis of equal rights and mutual advantage contradicts another trend--toward dismantling them, using them as a means of political pressure, and adopting various discriminatory measures.

Therefore, the problem of organically combining mutually-advantageous cooperation based on equal rights with the assurance of a sufficient amount of technical and economic independence while taking advantage of economic ties with the developed capitalist states is not only a national problem for the individual CEMA nations, but is also their common international problem. The guarantee of its successful solution lies in increasing the collective self-sufficiency of the nations of the socialist commonwealth to the optimal level. At the same time uniting and coordinating the efforts of the socialist nations has a large role to play in resisting political and economic pressure on the part of the imperialist states. This, it goes without saying, does not change the interest of the socialist countries in expanding mutually-advantageous cooperation with non-socialist countries, particularly in consideration of the role of such cooperation in the struggle for peace.

Disruption of foreign economic equilibrium arises in those instances where an increasingly wide-scale breach occurs in the prices of goods, services, licenses, technical-economic information, and so on, being brought in and being exported from a country; also between the volume of resources received and extended in the form of credits and loans.¹

Among the multitude of possible reasons for such a disruption the most obvious (and at the same time the most difficult to eliminate) are the exogenous factors. It is a question of increasing prices for imported goods and services and the like and, worsening credit conditions; that is--the processes which were vividly displayed on the world market in the 1970's. According to certain analyses, from 1971-1980 foreign trade conditions, for example, became worse for the majority of the CEMA nations, which were importing 25 to 31 per cent of their energy and raw materials. One should, however, take note of the fact that the majority of the cases of disruption of the state of balance which occurred for these reasons reflect not only exogenous influences, but also the insufficiently rapid adaptation of the national economies to the new situation; the lack of production reserves; the inadequate export potential; and other similar phenomena, which in the final analysis come down to the problem of increasing the effectiveness of the economy and the administration of the national economy.

Ensuring a state of balance in the foreign economic sphere depends largely on the basis of the strategy for economic growth. For example, speeding up an increase in import expenditures in comparison with profits from exports

¹ The variant examined below concerns only the disruption of the foreign economic state of balance in terms of lack of resources; that is, a passive balance of payments.

is possible with application of extraordinary force to growth rates in the national economy which, as a rule, is accompanied by increasing disproportions. The development of certain branches begins to lag behind the growth of needs (for example, raw material production), shortages of certain kinds of goods arise, which cannot be eliminated through native sources. To the extent that, with the achievement of a certain dynamic of development, further satisfaction of growing needs is possible only by virtue of imports, additional production requires increasing import expenditures per unit of production achieved.

Another analogous situation is the reduction of prices for export goods. It may be caused by fluctuations in the world market condition, the appearance in the market of new suppliers of a product which comprises the basis of the exports of a given country, competition on the part of products which can substitute for a given product, and so on. However, a common situation is a price lag for exported goods behind the dynamics of expenditures for imported production which is required for production of the export goods. As a rule when such a situation arises, changes in the export structure play a very large role--although it may also take shape without a change in the structure. Whereas the latter develops in the direction of increasing the proportion of those exported goods, the correlation of prices for which and expenditures for import serve the growth of exports--an unfavorable effect occurs with respect to the average level of export prices; thus, in this case the growth of aggregate export receipts lags behind the growth in aggregate import expenditures. Clearly such factors cannot be relegated to external, or as they are sometimes called, objective circumstances.

There are also endogenous reasons for disruption of the foreign economic state of balance. For example, it can be brought about by an increase in the volume of imports per unit of growth of social production. In this case if export prices and the proportions of domestic consumption remain unchanged, import expenditures will grow more rapidly than receipts from exports. Import volume can increase as a result of increasing the physical volume of import per unit of growth in social production and price increases per unit of import goods. Growth in the volume of imports can also be caused by an increase in the economic structure of the proportion of those branches in which the volume of import which comes in per unit of increase in social production is higher than the average import volume of production, or has a comparatively higher rate of growth.

For the European CEMA nations, at the current stage, the most acute problem in growth of import volume is in the area of energy and raw materials. The high degree of resource-intensiveness of production which has taken shape in these countries, combined with limited natural potential, leads to the necessity to import significant volumes of energy-bearing materials and raw materials in terms of the cost and the proportion for domestic use, which as it is exacerbates their intensive balance of payments and trade, and has an effect on economic growth rates. In addition, increasing the proportion of energy and raw material resources in import costs limits the possibility for acquiring advanced technology and equipment, which is perceived as one of the reasons for the decline in the dynamic of economic development.

Another possible endogenous source of foreign economic disbalance is the transfer of a growing proportion of goods intended for export to the sphere of domestic consumption. As an example one can cite the situation in the area of energy resources in the SRR and the PNR. Such displacements, which exacerbate the intensity of the balance of payments, reflect one disruption or another of the equilibrium in the domestic economic sphere.

The need to consider all of these factors is especially great in the countries which have to a great extent become involved in the orbit of international division of labor (in the European CEMA nations up to one-third of their national income and even more lies within the sphere of international economic turnover). In such conditions any kind of miscalculation in plans for economic growth, especially if they are intensified by unforeseen unfavorable trends in the development of world trade and credit relationships, may lead to very significant disruptions in the foreign economic sphere and subsequently to the impossibility of realizing planned production growth.

An additional complication in achieving a foreign economic state of balance at the present stage was brought about by the situation in which world business conditions in trade, currency and credit markets unfavorable to the majority of the CEMA nations came about in the period in which the nations had embarked on the path of intensification of production. The reorganization of the national economic and branch structure connected with this was itself accompanied by changes in the proportions which had taken shape and with the increase in the role of the state of balance as the most important economic parameter, and the appearance of qualitatively new requirements on the economic mechanism with respect to planning and administrative methods. The disbalance in the foreign economic sphere complicates solution of this problem.

Finally, still another reason for disbalance in foreign economic ties can be irrational--in terms of their direction--or insufficiently effective utilization of credits received for investment. It was precisely this, that served as one of the factors for the disruption of the equilibrium of the Polish economy in the 1970's. In the countries of the socialist commonwealth a great deal of attention is being devoted to accelerating the assimilation of licenses, "know-how" and equipment purchased from capitalist countries; to increasing the shift coefficient of its use; to permitting no delays in the periods for constructing major projects undertaken by means of borrowed funds; nor to permit a slow pace in the assimilation and introduction of the capacities for the planned indicators; nor lower qualitative parameters than necessary in products manufactured under license and correspondingly nonfulfillment of plans for their export; and so on. With low effectiveness in the use of resources received on credit, the latter changes from a means of solving urgent economic tasks, including eliminating the deficit in foreign trade, into an additional and a kind of secondary factor in the state of disbalance.

The operation of the above-mentioned causes, as well as other more individualized reasons specific to certain of the CEMA nations, had by the early 1980's led to a situation in which restoration of foreign economic equilibrium became for a number of countries an urgent task. Bearing witness to

this are the significant dimensions of their short-term and long-term debts, and the systematically worsening conditions on the world commodity and credit markets. The experience of recent years has convincingly shown how difficult it is to achieve equilibrium under these conditions. Therefore, the CEMA nations in which the given problem has become acute are taking the most urgent measures to solve it, and are achieving positive results.

In the most general sense, when a deficit arises in the foreign economic sphere, in order to liquidate it it is necessary to change the correlation between exports and imports and their growth rates as well. There are two kinds of means for solving this task. Pertaining to the first are measures which ensure a short-term effect; they basically consist of forcing exports while limiting and even reducing the volume of imports and making use of existing currency reserves at the same time.

On various scales such measures were in recent years characteristic for the majority of the CEMA nations. Conducting them has its positive and its negative aspects. On the plus side, one can cite principally the relatively rapid achievement of trends favorable for the foreign economic balance, consequently lessening the negative influences of the foreign sphere on economic and social policy. With a reduction of indebtedness, the amount of influence on the socialist economy of the unfavorable processes taking place in the capitalist credit market is limited; increasing indebtedness stemming from interest payments, which arises from extending debt payments, as well as the associated medium-term loans received under the currently worsening conditions, is forestalled; these factors severely reduce the effect of the use of credit. At the cost of a certain amount of pressure, which takes into consideration the capability of the economy, it has been possible over the course of several years to forestall the intensification of the negative influence of foreign debts.

The negative side of the policy of accelerating the achievement of a foreign economic state of balance pertains principally to the declining proportion of the national income produced and used as the result of the redistribution and export of resources. Increasing exports in this situation is not connected with the availability of free (surplus) export resources and therefore does not play the role of a growth factor. On the contrary, the dynamic of development can actually decline. In addition, with forcing of exports it must quite often be formed at the expense of the quality (from the point of view of world standards) of the products which, naturally, reduces the effectiveness of foreign trade.

And, concerning the reduction in growth rates or even an absolute reduction in import volume, this is achieved partially by means of assimilating in the full sense production of a number of goods, rather than importing them (and here the level of effectiveness of the given production is an important question), and partially by means of limiting the import of technological equipment, which to a certain degree hampers the modernization of production. In addition, actively conducting a policy of stabilization of imports and replacing imported goods with native goods of a similar nature quite frequently has a negative effect on the export capabilities of the

economy as well and therefore cannot be considered a long-term economic strategy. Finally, the way to achieving a state of balance being examined does not provide for adaptation of the economy to new conditions; and that means it does not eliminate the reasons for disruptions in economic equilibrium and provides only a limited short-term effect.

These minuses are not characteristic of the second means for providing a foreign economic state of balance--means which permit the national economy to adapt to changing conditions in the world market. The given means include expanding export potential and improving export structure; increasing technical innovations and the level of quality of goods offered on the foreign market; and, economically-justified reduction of the import intensity of the national economy, to include the products produced for export, which do not entail negative consequences. All of these measures presuppose investment, structural and scientific-technical reorganization for the purpose of increasing the effectiveness of foreign trade. They are oriented toward ensuring long-term adaptation of the economy to the new foreign and domestic conditions of the process of reproduction.

Continuously, persistently improving the qualitative characteristics of social production and increasing its effectiveness is one method which ensures maintaining the equilibrium of the foreign trade balance as well as the relationship between domestic supply and demand. The efforts undertaken in the CEMA nations for rationalizing the use of resources and increasing the quality of the goods produced are establishing the preconditions for increasing export income and reducing the needs for imports. This permits carrying out rationalization of imports by means of substituting products of native manufacture or those imported from other CEMA nations for a portion of the goods imported from the developed capitalist countries. This method of ensuring equilibrium in the foreign trade balance should be considered most preferable.

Manufacturing products (final or intermediate production) at a low level of effectiveness, even when this is brought about by domestic necessity, cannot be a reliable method for maintaining internal equilibrium in the national economy. Another route must be taken: concentrating the maximum possible portion of additional resources for expanding and modernizing production in those branches where the level of effectiveness or the possibilities for rapidly raising it are relatively greater. Thus, not only will growth be ensured in goods for domestic consumption, the production and sale of which are relatively more effective, but the export fund will be increased as well. And the goods for which one's own production is less effective, but which are needed from the point of view of the state of balance in the national economy, should be imported when possible.

Ensuring foreign and domestic equilibrium requires distribution of assets among the branches of the national economy, and the kinds of production which will support an increase in the proportion of production manufactured under optimum conditions both from the point of view of effectiveness of expenditures and increased quality, and from the point of view of the import-intensiveness. In the final analysis, such a system for distributing

assets increases the effectiveness of all national production, permits rationalizing foreign economic ties, and increasing the amount of the national income used within the country without involving foreign credits and loans. This also makes it easier to solve the problems of eliminating the disruptions in equilibrium which arise due to excessive imports. At the same time a more favorable condition is created for rationalizing domestic consumption and for providing a state of balance in the economy of a given country, with respect to prices for exported and imported goods

And in cases of slower growth in the prices for export goods in comparison with an increase in import expenditures, a leakage develops in the country's national income by way of foreign trade channels; that is, there is a relative or an absolute decline in the amount of the goods which go for domestic consumption. In the final analysis, an absolute or a relative reduction in the mass of goods within the country follows such a decline. If, proportional to the decline in the volume of goods the total volume of import of the means of production is somewhat reduced, this fact in and of itself can have an unfavorable effect on maintaining the economic growth rates achieved. The latter becomes possible only in case of a reduction in the cost of imports per unit of manufactured production.

In analyzing structural changes, the necessity for which is dictated by the demand for a foreign economic state of balance, the approach to the analysis of the effectiveness of production plays an important role, especially in the export sectors. One must distinguish between the level and dynamics of specific expenditures for production of export production, and the level and dynamics of the foreign trade prices for it. One must not focus only on the dynamics of specific expenditures, without contrasting them with the dynamics of prices on the world market. Even if the expenditures are reduced, but prices for the goods a country exports decline even faster, then production of such goods will become a factor which undermines the state of balance in foreign economic ties. And increases in specific expenditures which lead to an increase in the quality of production that permits outstripping growth in price increases for the exported goods are, economically, completely justified. In other words, the degree of the state of balance in foreign economic ties more and more depends on the correlation of the qualitative level of the production of a given country and the standards of the world market. A frequent obstacle to increasing export effectiveness is not just the high level of national expenditures connected with it, but the low level of export prices because the exported goods do not meet the requirements of the world market, principally in terms of quality. Hence, it follows that reduction in specific expenditures per unit of export product manufactured is necessary, but is not sufficient ground for balancing a country's foreign economic ties.

Therefore, along with the task of minimizing expenditures for production of goods for export, the problem is raised of achieving the maximum possible level of quality in the broad sense of the term, and correspondingly, maximum possible prices for the export goods. Naturally, the most important factors in this respect are the growth rates for labor productivity and the scientific-technical level of the production and the goods produced in the export sectors. It is precisely this level that determines the competitiveness of the goods in the foreign markets and the possibility of their sales,

which ensures that exports cover the requirements for imports. Therefore, stagnation of the scientific-technical level of export production is impermissible, because it hinders providing a foreign economic state of balance. One must add to this, that growth in the scientific-technical level of native manufacturing permits a relative decrease in the country's need for equipment and technology imported from abroad, that is, it decreases the import-intensiveness of the economy for goods in the given group.

Rationalizing the use of fuel-energy and raw-material resources in the CEMA nations is called upon to play a similar role in contemporary conditions. The significant degree of dependence of many of these countries on imported raw materials and fuel, and the high world prices for them form a direct connection between the level of effectiveness of domestic energy and raw material consumption and the degree of the state balance in foreign trade.

The principal shortcoming in the methods of achieving long-term foreign economic equilibrium cited, is that they do not provide a quick solution to the problem. The experience of the CEMA nations shows that increasing the quality of production and the scientific-technical level of manufacturing, reducing intensity of use of resources and energy, and other methods for increasing effectiveness, pertain to the most complicated problems in economic development. Therefore, there are grounds to assert that the process of establishing competitiveness on the required scale in terms of qualitative and structural indicators of the export potential, and likewise the process of reducing the import-intensiveness of production, will be long term problems which cannot in the near term ensure abandoning the methods of forcing exports and limiting imports (especially in relations with the capitalist nations). Obviously, correlation of the short-term and long-term ways and means for providing a state of balance in the foreign economic sphere is associated with those urgent practical problems the solution of which depends on the concrete situation, on the specific nature of this or that country, on trends in the development of world trade and, of course, principally on the degree of success that can be achieved in further transition to intensive methods in the economies of the CEMA nations.

Perfecting the economic mechanism, the forms and methods of planning and administering the national economy, is very important for solving the problem of the foreign economic state of balance. In the conditions of a socialist economy, the volume of material and currency resources imported and exported from a country and thus their balance, comprises an integral part of the national economic balances, and is established in the course of drawing up the plans. In this manner, the questions connected with foreign economic equilibrium are to a significant degree solved ahead of time in a centralized manner; that is, their solution is not--as in capitalist countries--the result of an accumulation of results of separate economic actions by economic units which are relatively independent of one another, and which are very poorly regulated and controlled by the state.

Consequently, the state of balance in the sphere under examination depends, first of all on the degree to which proper and effective solutions were built into the plan and, secondly, on the manner in which the solutions are implemented in practice. Another aspect of the problem is the proper correlation of centralized measures pertaining to the foreign economic sphere with

the initiative of the economic units directly or indirectly participating in foreign economic activity. Utilizing this initiative to the maximum for solving macroeconomic problems and satisfying the general interests of the state as well, depends to a great extent on the soundness of the centrally-established rules for the participation of enterprises and associations in foreign economic ties.

As far as making decisions is concerned, the principal precondition for their rationality is the reliability of the information and the proper criteria for evaluating it. As was already indicated, in the socialist countries, historically, organizational and--one can say--systematic isolation has taken shape in foreign economics; in some countries this has now been overcome to one degree or another, but in others it basically still exists. In this sphere, economies which are relatively isolated with respect to other spheres use resources of a higher quality, which differ from goods and objects from domestic production, for domestic consumption, in terms of assortment; and a different principle of price formation operates, one which frequently expresses prices in the currency of another country. This isolation was not only the result, but also the precondition for the economic mechanism as a whole which had been formed in the CEMA nations. It is based on individualized, selected assignments, given to individual sectors, subsectors and enterprises; and also to a significant extent on the lack of a common economic mechanism which would ensure an increase in production effectiveness. The advantage of such management consists, specifically, in the possibility of avoiding the immediate effects of unfavorable trends in world trade on the operation of the domestic economic sphere. But its disadvantage is that it does a poor job in stimulating accounting for changes in the foreign markets, increasing the competitiveness of products, economizing on imported goods, and so on. The problem of economically-based adaptation of economic units to shifts on the world market remains to a great extent a problem only for the central administrative organs, but not for the enterprises themselves. Therefore the process of perfecting business methods in the CEMA nations is heading in the direction of intensifying the association of the domestic economy with the foreign economic sphere, in increasing the interest of the economic units in improving the results of foreign economic operations: thereby, a microeconomic base is created for ensuring a state of balance at the macro level.

The necessary prerequisite for making optimal decisions is objective analysis of the separate variants of achieving a foreign economic state of balance, which permits contrasting their consequences both within the country and in relations with foreign states (from the point of view of the balance of payments and the intra-state proportions of material and financial resources). This cannot be achieved without overcoming the lack of connection in the foreign and domestic economic milieu, without interconnection of foreign and domestic economic operations at the level of economic units as well, in a more general plane--without increasing the degree of uniformity of the criteria used for the control of the economy in general.

The criteria and the data base must be more fully developed for defining at the national level such important indicators as the optimal degree of substitution of domestic production for imports, the amounts of credit needed, the dynamic of development of export production, etc.

Pertaining to this kind of information are, for example, the real rate of currency exchange, interest rates for credit, objective correlation of prices, and the like. But in practice, in the foreign economic sphere and the accompanying production sectors, macroeconomic decisions connected with choosing one variant or another for organizing the flow of exports and imports are still based to a significant degree on information of a more limited nature (for example, on the assumed volumes of deficits for some kind of resource or another in the national economy). A variant chosen in this manner does not necessarily meet the requirements for maximum effectiveness and balance in foreign ties and in the domestic economy. Decisions based on inaccurate information, are as a rule distinguished by their approximate nature, and the total effect turns out to be lower than the potential.

Another factor which complicates the process of working out planned decisions in the foreign economic sphere is the element of uncertainty in connection with the indefinite conceptions, to one degree or another, of the future development of world economic ties, especially with respect to the capitalist countries. The planned volume of currency transactions from exports (and thus, the import potential as well) depends not only on plan fulfillment in the export sectors, but also on the conditions for product sales in the foreign markets. For the economic organizations and central planning and economic organs, the parameters of supply and demand abroad are exogenous quantities, the dynamics of which--especially at the contemporary stage--are undergoing significant changes (in price correlations, in the requirements made on the consumer characteristics, as well as on the technical, ecological and other characteristics of the goods). Influencing the socialist countries in the foreign economic sphere to one degree or another, depending on the degree to which they are associated with the market in non-socialist states, are the cyclical development of the economy in the capitalist world, as well as political factors manifested in the form of direct or indirect discrimination on the part of the West in the area of, for example, credits, supplying advanced technology and scarce raw materials, in the form of customs barriers, and so on.

These elements of uncertainty must be taken into consideration when planning foreign economic ties and making macroeconomic decisions on questions of their state of balance; it is necessary to create preconditions for minimizing and overcoming them, and not take a passive attitude toward them.

Along with improved foreign market research, working out an active foreign economic strategy and coordinating it among the countries of the socialist commonwealth; coordination in the area of relationships with third countries; as well as concluding long-term trade and economic agreements, contracts, etc--serve to reduce the risk of the negative influence of unforeseen fluctuations in world market conditions. Efforts in this area will permit to one degree or another purposefully influencing the formation of a foreign economic climate and actively support favorable trends in its development. Of special significance to strengthening the foreign economic positions of the socialist countries is further development of cooperation among them, improving their joint planning activity, and deepening socialist economic integration.

Ensuring a state of balance in the economy and implementing the appropriate measures in economic policy are among the problems solved predominantly at the national level. However, in contemporary conditions achieving a state of balance requires to an ever-greater degree interaction among the national economies of the countries of the socialist commonwealth. Socialist economic integration opens new opportunities for strengthening the state of balance of the national economies at a higher level of effectiveness of social production, and with more rational structures and proportions in terms of sectors and the range of goods. The decisions recorded in the documents of the high-level Economic Conference of CEMA Member Nations, held in Moscow in 1984, were a new step in the cause of deepening the cooperation among CEMA member nations in their economic policies and in areas associated with mutual cooperation. Further deepening of the international socialist division of labor, strengthening the mutually-supportive national economies, ever more complete coordination of national economic plans, and developing direct contacts among the associations, enterprises and organizations of the CEMA countries, are today of much greater significance in solving the problems of the state of balance.

The economic mechanism must become more active in stimulating increased interest among the economic units in the effective use of the advantages of international division of labor, especially in the interests of long-term development. Flexible and effective adaptability to new conditions which have already arisen, as well as the ability to anticipate future changes in long-term requirements, must become essential economic necessities for the economic units.

Finally, it is important to perfect the methodology of planning in the direction of tying-in planning indicators more closely with the conditions of the foreign economic milieu. This is especially important in order to forestall the sort of disruptions in the state of foreign trade balance which arise because the planning indicators for exports and imports expressed in terms of constant prices disagree with the resulting revenues, which are based on actual, current prices. For example, between 1975 and 1978 in Czechoslovakia, exports of goods and services expressed in constant prices were greater than imports, calculated in the same manner, every year; whereas, there was observed growth in the active balance of foreign trade. As far as the balance of trade in current prices is concerned, the equilibrium was upset here in the opposite direction; there was a passive balance, and an increase in the currency deficit.

Therefore, planning for foreign trade in constant prices alone (or--as is done with respect to certain kinds of goods--in physical terms), in the conditions of widely fluctuating price dynamics on the world market, can lead to upsetting the equilibrium of the balance of payments. The situation is similar with respect to reflecting the various payment conditions for exports and imports, especially the time lag between material and payment flows when credits are offered or received. Accounting for and forecasting changes in the market conditions should be more actively put into practice in the foreign economic relations among the CEMA nations. At the present time, in contracting for mutual goods deliveries, primary consideration is given to their physical volume, which can lead to disruption of the cost balances in trade among the partners by the end of the planning period.

Unforeseen changes in the quantities on which the development of foreign economic relations was based, as well as deviations from the planned assignments in the course of their fulfillment, lead to disparity between the actual and the planned amounts of the foreign trade balance and the balance of payments. Therefore it is important from the point of view of the state of balance to not only choose and approve the optimal variant for the development of the country's foreign economic ties, but to achieve its realization in the conditions which obtain in economic changes taking place in the nation and in the world. At the same time the countries should take measures to equalize the material and revenue flow for exports and imports.

A passive balance is covered by virtue of one's own currency reserves or through foreign credits; with an active balance reserves are accumulated or credits are offered to the foreign countries.

As was already indicated, credits can contribute to overcoming "bottlenecks" and fluctuations in the national economy or in the foreign markets without immediately limiting the volume of resources utilized in the economy. However, the use of foreign credits is rational only in a situation, and only at a certain volume, if their current effect within the country and their influence on the growth rate of national income is higher than the losses which stem from relatively limited use of the national income for domestic needs in the future, as a consequence of the necessity to liquidate debts and make interest payments.

If the changes which bring about the need for credits are irreversible or have a long-term character, then deferring the real adaptation of the economy to the new conditions with the help of credits cannot always be considered a positive feature. In the majority of cases the necessity to repay foreign loans requires reorganization of a country's national economy, principally in the sectors which depend most on imports or which support the export of goods.

In the given conditions the necessity for coordinating the material flow of exports and imports is achieved by means of changes in the volume of imports and in the export capacity of the national economy. On a theoretical level, one can distinguish two kinds of management tools suitable for this purpose.

The first entails overall development of the various elements of the economic mechanism (forms and methods of planning, the organizational structure, prices, credit conditions) which would provide an economic incentive to the economic administrators at all levels to increase production of export goods and to find ways to substitute goods of native manufacture for the imported resources in use.

The second type pertains to direct assignments, distributed among the ministries, associations and enterprises, for production of export goods and limits on imported resources. Among the advantages of such instruments is the fact that the decisions adopted can be implemented more rapidly than would be the case in gradual adaption of the economic units to the new conditions. However, one should note that this efficiency is achieved basically by virtue of the ability to quickly limit imports. At the same

time the aggregate decline in the resource-intensity of production is not stimulated, and economies are achieved only in imported resources. And as far as increasing the export potential is concerned, the first type of instrument is the more effective, because it spurs more complete, more active and more enterprising use of the criteria of effectiveness, quality and intensification in making any economic decisions at all levels of the economy.

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CEMA/EASTERN EUROPE

CEMA CONSTRUCTION PROJECTS DISCUSSED

Moscow EKONOMIKA STROITEL' STVA in Russian No 11, 1984 pp 56-60

[Article by D.N. Yageman, adviser to the construction department of the CEMA Secretariat: "Intensification of Construction Production in CEMA Member Countries"]

[Text] The CEMA Permanent Commission for Cooperation in the Area of Construction has now been in operation for more than 25 years. There has been a significant increase in the material-technical base of the national economy over the past quarter century in the countries of the socialist community, and this occurred predominantly through new construction. Clear evidence of this is the construction of nuclear electric power stations and other energy projects as well as large-scale projects in the chemical industry, metallurgy, machine building, agriculture, transport and other sectors of physical production. They have constructed more than 75 million comfortable apartments and several thousand cultural-domestic and academic buildings and projects for public health. A significant part of the industrial projects constructed in CEMA member countries was carried out in accordance with recommendations prepared by the CEMA Permanent Commission for Cooperation in the Area of Construction.

An important place in the work of the commission belongs to questions involving the industrialization of construction on the basis of the assimilation of the most recent achievements of science and technology with consideration given to the international socialist division of labor and to the joint resolution of major problems that ensure the full mechanization of construction production and optimum planning decisions in the construction of industrial, agricultural and other projects. This helps in increasing the intensification of construction production and in the gradual transformation of construction sites into assembly sites for the erection of buildings and installations from large-scale prefabricated elements.

The commission actively contributes to the drawing together of CEMA member countries in the construction area, finding new and improved methods and organizational-planning forms for their international interaction. The economic and scientific-technical interaction of CEMA member countries in the years of the realization of the Complex Program was enriched by a number of new forms of cooperation, whereby their further improvement is being implemented by putting into effect long-term special programs. Construction organizations are taking a very active part in many forms of multilateral and

bilateral integrated cooperation of CEMA member countries. Thus, in particular, in the Basic Directions for the Economic and Social Development of the USSR for 1981-1985 and the Period Through 1990, adopted by the 26th CPSU Congress, the task was set of consistently continuing to put into effect the long-term special programs of the cooperation of CEMA member countries, programs directed toward resolving the most important problems in the development of energetics, the fuel and raw materials sectors, machine building, agriculture, transport, and the production of consumer goods. The solving of this task is at the center of attention of the construction organs of the CEMA member countries and of the CEMA Permanent Commission for Cooperation in the Area of Construction.

Construction in CEMA member countries has become a powerful national economic sector and this, on the basis of close cooperation, has made it possible to establish large-scale integration projects in several CEMA member countries. In accordance with the coordinated plans for multilateral integration measures through the joint efforts of CEMA member countries, the construction of 10 large-scale industrial enterprises and complexes in the territory of the USSR alone is being carried out and is largely completed. Included are the Ust'-Ilimsk Cellulose Plant, the Kiembayevskiy Asbestos Mineral Enrichment Combine, enterprises for the production of ferriferous raw material and particular types of iron alloys, the Orenburg Gas Condensate Enterprise and Gas Conversion Plant, the Soyuz Main Gas Line, the Khmel'nik Nuclear Electric Power Station, the 750-kilovolt electric transmission line from Vinnitsa (USSR) to Al'bertirsha (Hungary), the Mozyr Fodder Yeast Plant, and others.

The construction of the Soyuz Main Gas Line from Orenburg to the western border of the USSR, a distance of 2,677 kilometers, had great significance for solving the fuel-energy and raw material problem of the countries of the socialist community. Besides the USSR, builders from Bulgaria, Hungary, the GDR, Poland and the CSSR took part in constructing this gas line. Each of the mentioned countries also made a large contribution with its own labor and material resources to the laying of the line and to building the compressor stations, new settlements and communications.

To meet the needs for asbestos in the limits of the commission, a General Agreement on Cooperation in the Construction in the USSR of the Kiembayevskiy Asbestos Mineral Enrichment Combine with the shared participation of Bulgaria, Hungary, the GDR, Poland, Romania and the CSSR was prepared. The Ust'-Ilimsk Cellulose Plant was built to provide CEMA member countries with cellulose on the basis of the agreement. At the present time, CEMA member countries receive output from these enterprises in accordance with the proportional participation of the countries in their construction.

In 1984, a complex for the production of feed protein was put into operation at the Mozyr Fodder Yeast Plant, being a joint construction project of the USSR, GDR, Cuba, Poland and CSSR. Beginning in 1984, according to the agreement, the countries participating in the construction of this complex will receive fodder yeast proportional to their shared participation in the construction of the plant.

During the years 1984 through 1990, there is a great deal of joint work to be done in the construction of a whole series of new projects. Among them is the construction of industrial and agricultural projects and, in accordance with the long-term special programs that have been adopted, the development of 18 main railroad lines of international importance with a total length of about 19,000 kilometers as well as the construction of important highways.

The putting into effect of joint measures in the construction area has shown that the participation of international collectives in it is a qualitatively new aspect of the heightening of socialist integration in construction projects. This helps to bring thousands of workers, engineers and technicians of fraternal countries into socialist economic integration, enriches the construction participants with reciprocal experience in the methods of work production, and raises their skills. In addition, this experience will help not only in constructing new integration projects but also in carrying out national programs of capital construction in CEMA member countries.

For the purpose of developing mutually advantageous economic ties and of coordinating the economic and social development plans of CEMA member countries, the CEMA commission worked out a number of sectorial proposals for economic cooperation. They were the basis for the signing of a number of agreements, including on international multilateral specialization in the production of special types of cement (white, colored, sulphate-resistant, tamponage) and on specialization in the production of molding plaster.

The putting into effect of these agreements contributed to a significant increase in the volume of reciprocal deliveries of cement and plaster. Thus, deliveries of molding plaster from the GDR to Bulgaria, Hungary, Poland and the CSSR amounted to about 350,000 tons in the years 1976 through 1983.

Along with measures for economic interaction in the construction of integration projects, the commission is actively helping in the development and implementation of measures directed toward the intensification of construction production. In this connection, questions of intensification of construction production affect not only the construction of integration projects. They are also significant in implementing national programs of capital construction in CEMA member countries.

Measures to intensify construction production are directed toward reducing the duration of construction relative to the established norms and toward a comprehensive increase in labor productivity with higher quality of the work done, primarily through the mechanization of construction and assembly work performed manually, improvement in the technology of work production, and the assimilation of the achievements of science and technology into construction production.

In accordance with multilateral agreements entered into at the recommendation of the commission, the interested CEMA member countries carry out planning, scientific-research and experimental design work providing for measures to intensify construction production in the area of the construction of large-capacity saltworks, smokestacks higher than 200 meters, silos and elevators holding 20,000 tons or more, tunnel furnaces, standardized industrial lines

for the production of structures and components for large-panel construction, etc.

The cooperation of CEMA member countries in the area of the intensification of construction production is very beneficial in solving the questions involved in providing for the construction and reconstruction of agricultural production projects and in determining the directions for reducing specific capital investments for their construction, cutting outlays for fuel and energy and other material resources, lowering expenditures to operate projects, and implementing environmental protection requirements.

The positive changes in the planning and construction of agricultural projects are evidence of the fact that in CEMA member countries socialist agriculture has been strengthened and the extent of socialization of agricultural production and labor was increased. There was further development in the specialization, concentration, interfarm cooperation and agroindustrial integration of production. A significant increase in construction for agricultural production has been observed in all CEMA member countries in recent years. The scale of agricultural complexes and individual buildings and installations increased, and there was a rise in the level of mechanization and automation of construction production in rural areas. To a considerable degree, this explains the appearance of commission recommendations worked out jointly by CEMA member countries and providing for the use of existing reserves in agricultural production--in particular as a result of the broad exchange of results of scientific research as well as experimental and design work between interested CEMA member countries--and the improvement of volume-planning and structural decisions, technology and mechanization of production processes. An example of this is the gradual implementation of specialization and cooperation in the area of scientific-research, experimental, planning scientific-research, planning, and construction and assembly work in the building of silage elevators with a capacity of more than 20,000 tons of grain. Coordinated technical proposals were prepared on the planning of the construction part of elevators and on technical instructions on equipment and installations for the collection of by-products and active aeration and also involving measures for fire prevention and labor protection. In the second stage of the work, a number of standard projects in the technology of elevators and the construction and assembly of equipment were worked out. The checks that were carried out showed that the structural decisions in the building of silos and the technical instructions in the planning of elevators correspond to the most advanced level of such projects. In the erection of silos on the basis of the indicated optimum complex projects and the measures worked out for the intensification of construction production, there is a significant reduction in the duration of planning and construction, and there is also a reduction of almost 30 percent in the expenditure of metal compared with the standard projects undertaken in individual CEMA member countries.

Here is another example. In 1981, at the 51st Meeting of the CEMA Permanent Commission for Cooperation in the Area of Construction, which took place in Budapest, 18 projects were approved for the construction part of standard plants of various capacities for the production of mixed feeds and bone and herbal meal and plants for the briquetting and granulation of full-ration

feed. The projects were prepared with the utilization of equipment available in CEMA member countries. In the course of the establishment of the indicated projects, the requirements on construction planning were standardized with consideration given to environmental protection measures as well as to various instructions and conditions in effect in interested CEMA member countries. At the same time, proposals were formulated to standardize the basic equipment for all types of the above-named plants and measures were worked out for the intensification of construction production. All of this led to a significant improvement in the quality of the planning decisions that were drafted and of the plans for the organization of construction, which are now widely utilized in the GDR, Poland, USSR and CSSR. The development work that has been carried out on the standardization of industrial equipment for the indicated projects under construction in CEMA member countries will contribute to the further development of this cooperation.

In the framework of the CEMA Permanent Commission for Cooperation in the Area of Construction, a decision was made on carrying out further unification, standardization, specialization and cooperation in the area of the planning and intensification of production in the construction of agricultural production projects. In putting this decision into effect, the delegations of the interested CEMA member countries worked out the requirements for the construction planning of livestock and poultry buildings. Optimum parameters and structural systems were determined from among those used in CEMA member countries for these buildings, as were designs for the layout of floors and coverings of corrals and feed yards, the basic indicators and systems of regulating the microclimate of livestock and poultry premises, and also basic measures to organize and carry out construction.

The work is being concluded on developing the requirements for construction planning and standardized planning decisions on buildings for storing potatoes, vegetables and fruit and on determining the optimum parameters for structural decisions applicable in CEMA member countries for warehousing and industrial buildings and the requirements for the natural and artificial lighting of livestock and poultry premises, standardized types of buildings and installations for storing and processing grain, etc. These requirements foresee the conditions under which all planning decisions are to consider the possibility of reducing the duration of project construction and eliminating manual labor in those projects.

On the basis of commission decisions, the representatives of CEMA member countries compiled a list of individual complex production projects in agriculture, including data on the possibility of specialization and cooperation in their production and construction in the scope of the multilateral cooperation of CEMA member countries during the period through 1990. Included in the list were 13 projects and storehouses for grain and cereal products, 19 plants and projects for the production of feed, 10 plants and projects for the processing of vegetables and fruit, 34 farms and plants for the storage of meat and the production of meat products, 28 complexes, farms and projects for the processing of milk and dairy products, 2 projects for the technical servicing of agriculture, 4 projects for agricultural chemicals, and 3 projects for refrigeration. This now serves as the basis for the commercial negotiations under way between the trade organizations of CEMA member countries.

The multilateral cooperation of CEMA member countries in the development of the production base of construction and the industry of building materials, goods and designs is directed to creating progressive technologies for the production of effective building materials, raising the level of mechanization and automation of production, reducing the expenditure of fuel and energy and other material resources, establishing low-waste and no-waste technologies, and making skillful use of secondary resources.

According to the calculations of specialists, the introduction of these elaborations will make it possible to reduce the relative expenditure of fuel resources to a little more than one-third of the original level in the production of plaster and of partition board from it, for example, and to lower the production cost of plaster products by 15 to 30 percent. In this connection, labor productivity in construction approximately doubles through the use of this board compared with partitions out of small-particle materials. The development of production and the application of other plaster products are very effective.

The jointly developed technology for the production of autoclave colored cement products through organic and nonorganic dyestuffs makes it possible, through the use of the lines in operation in the enterprises in CEMA member countries for the manufacture of asbestos cement sheets with additional technological decisions, to obtain products that not only improve the architectural expressiveness of buildings but also increase their longevity. A surface coat of paint protects the sheets against weathering and reduces expenditures for maintaining asbestos cement roofing and facings.

In preparing the decisions on the comprehensive intensification of the production of building materials, the course is taken of carrying out the reconstruction and technical retooling of the operating enterprises in the building materials industry and the construction industry to provide for the output of new effective materials and products. Thus, a complex of industrial equipment was developed for the factory production of prefabricated wall and ceiling products from ceramic materials in the form of pieces. The complex permits a saving of up to 25 to 30 percent of cement and metal relative to concrete and gas silicate products. Labor productivity rises by 35 to 40 percent through the use of these large elements in construction with final finishing of surfaces.

Particular attention in developing new methods for the production of materials and products is paid to the reduction in the expenditure of fuel and energy resources with consideration also given to their expenditure in the operation of buildings constructed with the use of these materials and products. Some jointly prepared proposals for saving fuel and electric power in the most energy-intensive production processes are being assimilated successfully.

The CEMA Permanent Commission for Cooperation in the Area of Construction approved the results of the work to utilize the heat from gases escaping from furnaces and drying kilns in the production of ceramic building materials, having in mind the rational layout of firing and drying installations, and it also approved the results of the work to create, utilizing existing equipment,

the technology for the production of large-scale ceramic products (blocks) with increased vacuity and high porosity meeting contemporary requirements on the heat-insulating capability of protective designs. Using this technology, one can produce goods, including those with grooves, the utilization of which saves as much as 15 to 20 percent of the total expenditure of thermal energy in the heating of buildings.

In some CEMA member countries, more severe standards in comparison with other countries have been adopted for the level of the heat-insulating capability of the protective designs of heated buildings. For coordinated and effective cooperation in working out complex problems in the area of heat-insulating and acoustical materials, the commission recommended to interested countries that they conclude the agreement on scientific-technical cooperation in complex problems in the area of heat-insulating and acoustical materials that was worked out by the building materials section. The program for cooperation in accordance with the agreement contains eight problems, including the expansion of the raw materials base for the production of mineral cotton products, including questions of the use of the by-products of other industrial sectors; effective methods for controlling the composition of the furnace charge and the quality of fiber; improvement of the technologies of production and equipment for manufacturing articles from mineral cotton and expanded perlite; and the creation of fundamentally new and highly effective products as well as the technology and equipment for their production. Contracts and agreements were entered into by the interested organizations of CEMA member countries for working out particular specific tasks in the scope of this agreement.

The commission is paying permanent attention to the activation of the study and dissemination of advanced experience accumulated by CEMA member countries in the economical and rational utilization of fuel and energy resources in construction and the building materials industry. The proposals adopted by the commission on the assimilation of advanced experience and on the organization of cooperation in this area during the years 1986 through 1990 are part of the program prepared by the commission for the further development and intensification of cooperation in the economical and rational utilization of fuel and energy resources through 1990 and in the long term in the area of construction and in the building materials, glass and ceramic industries.

The development and implementation of measures for the intensification of construction production and the production of building materials, designs and products is one of the decisive factors in the further consolidation of economic and scientific-technical ties between the fraternal CEMA member countries in the area of construction, the building materials industry, and enterprises of the construction industry.

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CEMA/EASTERN EUROPE

YUGOSLAVIA'S 1985 ECONOMIC PLAN DISCUSSED

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 85 p 20

[Article by V. Tikhomirov, candidate of economic sciences, under the rubric "The Countries of Socialism -- Plans and Challenges for 1985": "Yugoslavia"]

[Text] Late last year the Yugoslav legislature adopted its 1985 plan for socio-economic development and ratified the 1985 republic budget. The chief goal of the Yugoslav national economic plan for the current year is to consolidate positive results in the country's economic development that have taken place in recent years. In particular, growth in industrial and agricultural production was noted last year, and certain positive results were achieved in the area of foreign economic ties.

At the same time, difficulties associated with a high rate of inflation, growth in unemployment, decline in the standard of living, and Yugoslavia's large foreign debt continued.

According to the principles of the "Long-Term Economic Stabilization Program" adopted in 1983, the main tasks of Yugoslav economic development in the new year are maintaining dynamic growth in industrial production, improving supply of foodstuffs to the market, continued growth in exports and reduction of the country's balance of payments deficit, and creating economic conditions for lowering the level of inflation and stopping the decline in real personal income.

It is planned to increase gross public product by three percent in 1985, with growth of more than four percent for industrial production and 2.5 percent in agricultural production.

The number of persons employed in the public sector is to be increased by 2.5 percent. It is planned to raise labor productivity in industry by 1.5 percent.

More intensive use of domestic deposits of fuel-energy resources is outlined. Coal extraction in 1985 is planned at 70 million tons. Production of electricity will reach 77.1 billion kilowatt-hours.

As in past years, the largest challenges are posed in the area of foreign economic ties. According to the plan export of goods and services will increase by 12 percent, which includes an increase of 15 percent in exports to countries

which will pay in freely convertible currency. A decrease in the growth rate of imports in the current year is expected to make it possible to achieve a reduction of 400 million dollars in foreign indebtedness, which was about 20 billion dollars at the end of last year according to Yugoslav press figures. Revenue from tourism will be 1.2 billion dollars.

The Federal Budget was ratified in the amount of 609.6 billion dinars.

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CEMA/EASTERN EUROPE

TRADE PROTOCOLS SIGNED WITH YUGOSLAVIA, BULGARIA, ROMANIA

Protocol with Yugoslavia Signed

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 85 p 22

[Article under the rubric "Foreign Economic Relations": "USSR - Yugoslavia"]

[Text] On 21 December in Moscow the 1985 trade protocol between the USSR and Yugoslavia was signed. The protocol takes account of the obligations arising from the long-term trade agreement between the USSR and Yugoslavia for 1981-1985 and other trade and economic agreements. Realization of the agreement on mutual deliveries of goods between the USSR and Yugoslavia in the period 1981-1985 illustrates that the volume of trade outlined earlier, 32 billion dollars, will be overfulfilled.

The 1985 trade protocol that has been signed envisions mutual deliveries of machinery and equipment, raw materials, and foodstuffs. There is continued development of economic and technical cooperation in the field of production cooperation. According to the protocol, cooperative deliveries of goods will be carried on in the fields of automotive industry and walking excavators. Deliveries in conformity with the understanding contained in the "Fundamental Directions of Realization of the Long-Term Program of Economic and Scientific-Technical Cooperation between the USSR and Yugoslavia until 1990" are envisioned.

During the negotiations note was taken of the successful development of trade cooperation between Soviet and Yugoslav organizations and measures were outlined to continue improving it.

The protocol that has been signed is aimed at further expanding and deepening mutually advantageous trade cooperation between the USSR and Yugoslavia.

The protocol was signed for the Soviet side by M.G. Loshakov, member of the collegium of the Ministry of Foreign Trade, and for Yugoslavia by deputy federal secretary for foreign trade M. Smilenski.

Protocol with Bulgaria Signed

Moscow EKONOMICHESKAYA GAZETA in Russian No 1, Jan 85 p 22

[Article under the rubric "Foreign Economic Relations": "USSR - Bulgaria"]

[Text] On 21 December in Moscow governmental trade delegations of the USSR and Bulgaria successfully completed negotiations and signed a protocol on trade between the two countries in 1985. The planned volume of trade will exceed 12 billion rubles and increase by six percent over the present year.

Bulgaria continues to solidly occupy a place as one of the Soviet Union's leading foreign trade partners, and the USSR remains the principal trade partner of the Peoples Republic of Bulgaria.

The protocol is based on the mutual obligations of the parties, which follow from the agreement on trade and payments between the USSR and Bulgaria for the period 1981-1985 and other economic agreements, as well as the fundamental goals of the economic summit conference of the CEMA countries.

In 1985 there will be further development of production specialization and cooperation between the USSR and Bulgaria, chiefly in the field of machine building, which will promote an acceleration of technical progress in various sectors of the economies of both countries.

In 1985 the USSR will deliver to Bulgaria various types of metal-cutting lathes, electrical engineering, mining, and chemical equipment, motor vehicles, bearings, tractors, and other types of machinery and equipment. The USSR will continue to deliver to Bulgaria a significant volume of the basic types of raw and processed materials necessary to support further development of the Bulgarian economy, including petroleum, natural gas, hard coal, electricity, iron ore, metals, cotton, chemicals, and other goods.

Machinery and equipment will occupy a significant place in deliveries by Bulgaria to the USSR. These deliveries will include hoisting and transport equipment, agricultural machinery, computer technology, communications equipment, and other types of machinery and equipment. Bulgaria will also continue to deliver to the USSR soda ash, synthetic cord fabric, cognac, tobacco, toxic chemicals, and other chemical goods in which the USSR economy is interested. There will be the traditional deliveries to the USSR of Bulgarian consumer goods, in particular garments, knitted goods, fur articles, cigarettes, medicines, furniture, foodstuffs, and other agricultural goods.

Performance of the obligations envisioned by the protocol for mutual delivery of goods will promote planned development of the economies of the two countries, a rise in production efficiency, and fuller satisfaction of the growing demands of the people of the Soviet Union and Bulgaria.

The protocol was signed by USSR Minister of Foreign Trade N. S. Patolichev by authority of the Soviet Government and by Bulgarian Minister of Foreign Trade Kh. Khristov by authority of the Bulgarian Government.

Bulgarian Ambassador to the USSR D. Zhulev was present at the signing of the protocol.

Protocol with Romania Signed

Moscow EKONOMICHESKAYA GAZETA in Russian No 3, Jan 85 p 21

[Article under the rubric "Foreign Trade Chronicle": "Trade Protocol"]

[Text] As the result of successfully concluded trade talks between governmental delegations of the USSR and Romania, a protocol on 1985 trade was signed on 5 January in Moscow.

During preparation of the protocol the parties were guided by the understandings achieved at meetings of the leaders of the two countries in June 1984 and by the decisions of the economic summit conference of the CEMA countries.

The protocol was based on the mutual obligations of the parties, arising from the long-term agreement between the USSR and Romania for 1981-1985 and other economic agreements for 1985, as well as the principles of the Comprehensive Program for Further Deepening and Developing the Socialist Economic Integration of the CEMA countries and the long-term program for development of specialization and cooperation in production between the USSR and Romania until 1990.

The protocol envisions that trade will be more than 4 billion rubles in 1985 and exceed the volume of mutual deliveries of goods in 1984 by 17 percent.

The USSR remains Romania's principal trade partner.

In the current year Romania will continue delivering to the USSR fuel raw materials, coking and energy coal, rolled ferrous and nonferrous metals, chemicals, and other goods. A significant place among the Soviet raw material commodities will be taken by those which the Romanian economy will receive from facilities built in the USSR with Romanian participation within the framework of CEMA integration agreements -- this means electricity, natural gas, ferrous alloys, wood pulp, and asbestos. Soviet petroleum will continue to be delivered to Romania against Romanian goods essential to the Soviet economy.

The USSR will continue tradition and deliver to Romania such types of machinery and equipment as metal-cutting lathes, power and mining equipment, ships and ship equipment, aviation equipment, and the like.

A large share of Soviet import from Romania will be machinery and equipment, primarily electric motors, oilfield equipment, railroad rolling stock, ships, agricultural machines, and railroad grain cars.

Consumer goods, which are well-known among Soviet buyers, will be a substantial part of Romanian export to the USSR.

The mutual deliveries of goods outlined by the protocol will promote successful development of the economies of both countries, a rise in production efficiency, and fuller satisfaction of the needs of the Soviet and Romanian peoples. Performance of the obligations envisioned by the protocol on trade between the USSR and Romania in 1985 will be the next step in continued expansion of Soviet-Romanian economic cooperation and a good foundation for the coming five-year plan.

The talks were constructive and conducted in a spirit of comradely mutual understanding.

The protocol was signed by USSR Minister of Foreign Trade N. S. Patolichev by authority of the Soviet Government and by Romanian Minister of Foreign Trade and International Economic Cooperation V. Pungan by authority of the Romanian Government.

Romanian Ambassador to the USSR T. Dudash was present at the signing of the protocol.

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WESTERN EUROPE

USSR-AUSTRIA: JOINT COMMISSION MEETS

Moscow FOREIGN TRADE in English No 2, Feb 85 pp 14-16

[Article by Anatoli Podkopayev, executive secretary of the Soviet part of the Joint Soviet-Austrian Commission on Economic, Scientific and Technical Cooperation: "USSR-Austria: Mutual Interest"]

[Text]

Over recent years Austria has firmly secured its place among the USSR's ten largest West European partners. USSR-Austria relations are stable and dynamic. They are expanding and getting more versatile. Of great importance for deepening and broadening the two countries' mutually beneficial cooperation and for elaborating its main directions are personal contacts between the leaders of the Soviet Union and the Republic of Austria, now traditional events. The official visit of Dr. F. Sinowatz, Federal Chancellor of the Republic of Austria to the Soviet Union, November 1984, confirmed the tradition.

In the course of the meeting of F. Sinowatz with K.U. Chernenko, General Secretary of the CPSU Central Committee, Chairman of the Presidium of the Supreme Soviet of the USSR and also talks with N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, along with discussion of matters of bilateral relations and global political problems great stress was placed on questions of developing USSR-Austria cooperation in the economic, industrial, scientific and technological spheres.

K.U. Chernenko and F. Sinowatz highly evaluated the present-day state of the USSR-Austria multifaceted relations underlining that they were progressing fruitfully and permeated with mutual respect and confidence. Both countries are consecutively striving to revive the process of detente and fill the Final Act of the Helsinki Conference with specific content.

During the talks between N.A. Tikhonov and F. Sinowatz it was pointed out that the USSR-Austria trade and economic ties were successfully developing on the basis of a long-term programme of economic, scientific, technical and industrial cooperation for the period up to 1990. The leaders of the two states' governments agreed to discuss the question of expanding this document and extending the period of its validity up to 1995 and on prolonging the USSR-Austria Agreement on Trade and Payments of May 30, 1975, for another ten years.

The activity of the Joint Soviet-Austrian Commission for Economic, Scientific and Technical Cooperation was highly appraised and assurance expressed that it would continue being active on co-ordinating the two countries' diverse economic ties, on augmenting mutual trade volumes and assuring fuller use of the available reserves.

A point worth mentioning is that in connection with the visit of F. Sinowatz to the USSR a delegation of 40 Austrian firms and organizations (nearly 70 people) visited Moscow and was received by N.S. Patolichev, the USSR Foreign Trade Minister.

The current 16th Session of the Joint Soviet-Austrian Commission held in Moscow, early October 1984, just prior to the visit of F. Sinowatz to the USSR, was an important event in the development of the two countries' trade and economic ties. N.S. Patolichev, the USSR Foreign Trade Minister, led the Soviet delegation at the Session, and N. Steger, Vice-Chancellor, Minister of Commerce, Trades and Industry of Austria, led the Austrian delegation.

The 16th Session of the Joint Commission discussed a wide number of questions pertaining to the state and prospects of Soviet-Austrian trade and economic cooperation. In particular, consideration was given to the implementation of Measures for 1983-1985 on realizing the Long-Term Cooperation Programme.

Successful fulfilment of specific subject-matters concerning cooperation in 1983-1984 in various spheres including trade, exchange of scientific and technical achievements as well as currency-credit relations adopted at the previous Session of the Joint Commission had, in the opinion of the participants of the Session, led to a certain upsurge of USSR-Austria business cooperation.

The steady growth of mutual trade on which, as before, special stress was placed confirms this fact. The two countries' trade turnover in the first four years of the Long-Term Programme of Soviet-Austrian cooperation will, according to estimates, top 5,400 million rubles, exceeding by 50 per cent the USSR-Austria's trade volume in the previous five-year period (1976-1980).

In the period after the 15th Session of the Joint Commission (October 1983) a number of large contracts on deliveries of Soviet goods (cars, oil, natural gas, iron ore, etc.) to Austria was concluded. Since July 1984 Austrian users have been receiving additional quantities of natural gas from far Urengoi in Siberia through the Urengoi-Pomary-Uzhgorod gas pipeline which was put into use well ahead of schedule.

The increased annual Soviet natural gas deliveries in 1984 as well as the mutually beneficial exchange of electric power started in January 1985 will substantially improve business relations.

A number of large contracts concluded recently between Soviet foreign trade organizations and Austrian firms has formed a good foundation for the favourable development of Austria's export to the USSR in the next years. In particular,

it concerns such contracts as delivery to the USSR of a passenger motor vessel, four dry-cargo pushers, a floating crane and a hydro-excavator as well as equipment for modernizing a cardboard-making workshop at the Syktyvkar complex.

When speaking about the fruitful cooperation in shipbuilding one has to mention that Soviet completing items (pumps, engines, electric generators, navigation instruments, etc.) are installed in the ships being built for the USSR. This is a good example of reciprocal industrial cooperation.

The two countries' economic cooperation embraces also the machine-tool industry, metallurgy, chemistry and other industries.

"Turn-key" construction of the Zhlobin iron-and-steel complex (500,000 tons of rolled metal and 200,000 tons of blanks per year) in the USSR is a vivid example illustrating Soviet-Austrian large-scale cooperation. Its commissioning in November 1984 was a great event in the USSR-Austria's economic relations, a new stage of their development. The Federal Chancellor of Austria participated in celebrations on the occasion of the complex commissioning.

Now talks on concluding contracts for the delivery of metallurgical equipment, metal-working machine tools and other types of machinery and equipment to the USSR are progressing.

Moreover, new long-term contracts for the USSR to import various types of oil pipes, cold-rolled structural steel sheet and strips are being negotiated.

Participants of the Session noticed that according to Soviet statistics for 1983 and 1984 the Austrian trade balance was active but Austrian statistics, termed it passive, as before, although the tendency for a more balanced development of Soviet-Austrian trade was marked.

In this connection the Joint Commission entrusted Soviet and Austrian experts with the task of thoroughly analyzing and finding reasons for the discrepancy between USSR and Austria's foreign trade national statistic data on the mutual trade turnover and submit the results to the Commission for discussion at the 17th Session.

Trade turnover can be further increased with expansion of cooperation in mechanical engineering as the present possibilities are not yet used to their full extent. The proportion of machinery and equipment in the USSR's export to Austria is still insignificant (1.4 per cent in 1983) and obviously does not reflect Soviet mechanical engineering potential. Besides trade, cooperation can develop, in particular, in designing, manufacturing and joint marketing of machinery, equipment and other products including on third countries' markets.

The Joint Commission expressed satisfaction with the fact that Soviet organizations had considered the proposals for the further development of trade and economic coop-

eration submitted by Austria at the 15th Session of the Commission. Many of them (for example, on-constructing a factory for manufacturing toilet-paper, complete installations for producing glass-fibre cable, etc.) are of mutual interest. The possibilities of cooperation in modernizing and reconstructing certain industrial enterprises and streamlining some manufacturing processes in the Soviet Union, including those at enterprises of metallurgical, woodworking, pulp-and-paper, food, and meat and dairy industries, are under study. It was decided that cooperation in manufacturing consumer goods, particularly in the field of progressive technologies and in mechanical engineering for the sectors producing consumer goods, was possible.

The Sides also discussed matters for arranging USSR-Austria's compensation-based cooperation and further search for possibilities and projects for such mutually beneficial cooperation.

The Joint Commission expressed satisfaction with the Sides' report on successful realization of the protocol on the terms of crediting Austrian goods export to the USSR.

The Sides pointed out the large work done by the two countries' transport organizations on expediting foreign trade cargo shipments and recommended that this work improving the transport side of the USSR-Austria's trade turnover be continued.

In the period between the 15th and 16th Sessions of the Commission Soviet organizations and Austrian firms furthered their intensive activity studying the possibilities of cooperation in constructing industrial projects in third countries.

As before, mostly Soviet organizations were the initiators of joint participation on third countries' markets. Thus, the Austrian firms Gebrüder Troges, Sinmast, Glaunach Lärmschutz, etc. supplied ventilation equipment and air conditioners and also noise suppressors for projects being built with Technopromexport's assistance in Iran (the Isfahan and Ramin thermal power stations) and Iraq (the Nasiriya thermal power station). At present cooperation possibilities in constructing various projects (hydro-electric and atomic power stations, iron-and-steel works, cement factories, railways, etc.) in a number of countries are under consideration.

The Session of the Joint Commission confirmed the readiness of the Soviet Union to continue drawing Austrian firms into delivery of equipment and supply of services for Soviet technical assistance projects in third countries, as well as to participate in delivery of complete equipment and rendering services for the projects being constructed in Austria.

The Soviet Side expressed the wish that Austria more actively involve Soviet organizations in Austria's construction of projects in third countries.

The two countries' scientific and technical ties substantially contribute to the development of USSR-Austria eco-

nomic cooperation.

At present the USSR State Committee for Science and Technology together with ministries and departments is maintaining permanent business contacts with more than 100 Austrian firms. The signed long-term agreements with sixteen Austrian firms on scientific and technical cooperation in such key industries as ferrous metallurgy, mechanical engineering, chemical and food industries, civil engineering, automotive, machine-tool industries, power engineering, etc. envisage constant exchanges of information and specialist delegations, organization of symposia and seminars as well as joint scientific and research work, testing of raw material specimens and new types of products.

After discussing cooperation in science and technology the Joint Commission pointed out with satisfaction the attained positive results. Thus, jointly with the firm Andritz in June 1984 at the Kuznetsk iron-and-steel works tests at the firm's pilot plant for improving the technology of purifying processed hydrochloride pickling solutions and manufacturing iron powder were completed. The firm Vianova Kunsthärz participated in developing the Soviet-Austrian paint Viana which is now used for all external and internal finishing work in construction.

In addition, a programme of cooperation with the firm Interplastic on the comprehensive technology of constructing underground hydro-insulating and water-way structures in towns and cities was elaborated. Jointly with the firm Dragoco work on developing compositions of spice and aromatic mixtures to improve the quality of meat products is being carried out. Scientific and technical ties with the firms Vöest-Alpine, Voith, Koreska in the pulp-and-paper industry were furthered and strengthened.

The USSR Food Programme opened wide prospects for the two countries' cooperation in agriculture and relevant economic sectors.

Under the Agreement between the two countries' Academies of Sciences contacts on space research are actively progressing.

The Commission heard the Sides' reports on the activity of the working groups on machinery and equipment, power engineering, the agro-industrial complex, and also on construction and building materials.

Having approved the activity of the working group on machinery and equipment for expanding trade in this sphere of products and establishing cooperation between Soviet organizations and Austrian firms based on industrial cooperation as well as fulfilment of items contained in the Measures for 1983-1985, the Joint Commission recommended that the two countries' firms and organizations receive permanent assistance in their searches for new possibilities of industrial cooperation in the spheres envisaged in the Measures and for activating the two countries' machinery and equipment trade.

It was underlined that along with the traditional forms of Soviet-Austrian business cooperation the process of developing new, more effective forms continued as written in the Long-Term Programme for 1981-1990. For example, cooperation in manufacturing welding, machine-tool and paper-making equipment and electrical household appliances is expanding. The possibilities of cooperation in manufacturing and marketing lifting-and-conveying machines, looms, machinery and equipment for agriculture and forestry, the food and other industries are under study.

The Commission approved the activity of the working group on power engineering and recommended that it continued placing stress on the matters which would develop cooperation between the two countries in fuel and power conservation, environmental protection and expand the exchange of experience in constructing power engineering projects in mountainous regions.

The participants welcomed the commencement of the activity of the working group on the agro-industrial complex whose first meeting was held in July 1984. This group's programme of cooperation for 1984 and 1985 envisages exchange of information and samples, study of possibilities for cooperated production of certain types of agricultural machinery and equipment, testing of new pesticides and joint researches into pedigree cattle breeding.

The Sides were satisfied with the results of the first meeting of the working group on construction and building materials (September 1984) which on the basis of proposals received from Soviet organizations and Austrian firms had drawn up a plan of cooperation in construction and building materials for 1984 and 1985.

Also considered at the Session were the activities of the working groups on patents and licences, on forestry, standardization, metrology and quality control.

The Joint Commission approved the activities of the Liaison Committee between the USSR Chamber of Commerce and Industry and Austria's Federal Chamber of Economy. It pointed out that in 1983 and 1984 the exchange of economic, commercial, scientific and technical information expanded, and the activity of the two countries' organizations and firms participating in exhibitions, symposia and seminars held in the USSR and Austria showed an upsurge. The exchange of business delegations continued and greater attention was paid to attracting new firms, especially small and medium ones, into the cooperation.

Contacts between the Soviet republican and Austrian regional chambers have now developed into a good tradition. Thus, in May 1984 the USSR Chamber of Commerce and Industry organized a visit of a delegation of the Carinthia's Chamber of Commerce to Kiev and in September of a delegation from Styria's Chamber to Yerevan. These and other similar undertakings promote useful business contacts that serve both countries' interests.

The high level of Austrian firms' participation in exhi-

bitions held in the USSR is worthy of mention. Between 1976 and 1980, 527 Austrian firms participated in exhibitions held in the USSR, in the past four years of the present five-year plan period their number increased up to 570. In 1984, Austria successfully and representatively participated in such exhibitions as Metalloobrabotka (metal-working), Selkhoztechnika (agricultural machinery) and Lesdrevmash (forest and woodworking machinery).

Participation of 18 Soviet foreign trade organizations in the International Vienna Fair (1984), whose expositions, as before, were of special interest for visitors, official and business circles in Austria, was an important event. Since 1982 the USSR Chamber of Commerce and Industry jointly with the USSR Trade Representation in Austria has regularly and successfully held in different regions of Austria Days of Business Meetings in which many Austrian firms, mostly small and medium, participated.

Austrian firms' specialized symposia are very popular among Soviet specialists. In particular, competent Soviet organizations took an active part in the Veitscher Magnesitwerke firm's symposium on the problems of manufacture and use of refractories in the cement industry (June 1984), the Stollack firm's symposium, Up-to-date Paint Coating Methods (September 1984), the Pionier firm's symposium Cooperation in Growing Maize (October 1984) and the symposium Utilization of Secondary Raw Material (November 1984) in the organization of which several Austrian firms participated.

N. Steger, the head of Austrian delegation, was received by N.A. Tikhonov, Chairman of the Council of Ministers of the USSR, and N.K. Baibakov, Deputy Chairman of the Council of Ministers of the USSR, during the work of the Session.

During the work of the Joint Commission it was underlined that Soviet-Austrian good-neighbourly relations, including those in the economic sphere were progressing constructively to both countries' mutual benefit. Both sides expressed their mutual desire to deepen and expand their trade and economic ties and readiness to constantly search and apply in practice new promising forms and directions of economic, scientific, technical and industrial cooperation.

Our countries' good relations based on the sound foundation of the State Treaty and law on Austria's constant neutrality, the 30th anniversary of which is marked this year, confirm the vitality of the policy of peaceful coexistence of states with different social systems.

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WESTERN EUROPE

CONTRACT FOR EXTENSION OF FINNISH PIPELINE SIGNED

Moscow EKONOMICHESKAYA GAZETA in Russian No 4, Jan 85 p 20

[Article by V. Golyakov, administration head at the Tsvetmetpromeksport All-Union Association: "Mutually Advantageous Cooperation between the USSR and Finland"]

[Text] Late last year a contract was signed at the USSR Council of Ministers State Committee for Foreign Economic Relations. The contract envisions construction in Finland of a new segment of the USSR-Finland trunk gas pipeline with a branch running 250 kilometers to Helsinki. On the Soviet side performance of the contract obligations has been assigned to the Tsvetmetpromeksport All-Union Association; the Finnish part will be handled by the Neste joint-stock company.

Bringing this joint project to fruition will create favorable conditions for increasing exports to Finland of Soviet natural gas. By virtue of the agreement between V/O "Soyuzgazeksport" and A/O Neste, it is foreseen that in the next five-year plan export of natural gas will double and will amount to 7.7 billion cu. meters.

During the years of cooperation Soviet organizations have already carried out construction of a number of projects in Finland that are important to that country's economy, including the metallurgical combine in the city of Raahe, which is the largest in Northern Europe, two phases of the Loviza Nuclear Power Plant, and 161 kilometers of the USSR-Finland trunk gas pipeline.

Finnish companies have built the Kostomuksha Mining Combine, the Svetogorsk Pulp and Paper Combine, transportation facilities, and food and light industry enterprises in the USSR. During the coming five-year plan cooperation in joint construction of industrial and other projects in both countries will continue to develop.

11,176
CSO: 1825/51

WESTERN EUROPE

FINNISH TRADE, ECONOMIC SYMPOSIUM HELD

LD021853 Moscow TASS in English 0856 GMT 2 Apr 85

[Text] Helsinki, 2 April (TASS)--TASS correspondent Aleksander Gorbunov reports: More than 300 representatives of Finnish industrial enterprises and firms and Soviet foreign-trade associations are discussing prospects for the development of trade and economic cooperation between the USSR and Finland at a symposium which has opened here on the initiative of the Finnish businessmen's newspaper KAUPPALEHTI and the Soviet weekly EKONOMICHESKAYA GAZETA.

The meeting is considering ways of developing bilateral commercial and economic links in 1986 through 1990 and promoting cooperation in production, and examining the possibilities of small and medium-size firms in Soviet-Finnish trade.

Speaking at the opening of the symposium, Finnish Prime Minister Kalevi Sorsa, who chairs the Finnish part of the Soviet-Finnish standing intergovernmental commission for economic cooperation, noted the stable and fruitful nature of trade and economic relations between the two countries. It should be stressed these days when the Soviet and Finnish people mark the anniversary of the Soviet-Finnish 1948 Treaty of Friendship, Cooperation and Mutual Assistance that the political relationship of good neighborliness and trust between the two countries, which has continued for decades, are the basis for good results in trade and economic relations between them.

Kalevi Sorsa said that the outlook for Soviet-Finnish cooperation in trade and the economy is good and that the earnest for this is the newly-signed agreement on trade and payments between the USSR and Finland in 1986-90. The Finnish head of government emphasized the importance of developing cooperation in production between the two countries and measures to increase Finnish imports from the Soviet Union.

CSO: 1812/193

GENERAL

USSR EXPORT PROSPECTS REVIEWED

Moscow FOREIGN TRADE in English No 2, Feb 85 pp 3-9

[Article by Nikolai Osipov, USSR deputy foreign trade minister: "The USSR's Export Prospects"]

[Text]

The 26th CPSU Congress drawing up the strategy of the USSR's economic and social development for the current five-year plan period (1981-1985) outlined a programme for expanding the country's foreign economic ties. In its Resolutions the Congress pointed out: "To continue the development of foreign trade and economic, scientific and technical co-operation with foreign countries."¹ Emphasizing the role and significance of economic, scientific and technical ties with foreign countries for developing our economy the Congress resolved: "To make rational use of the advantages of the international division of labour and of the possibilities of external economic ties for raising the efficiency of social production."²

Over the passed period the Soviet Union has made a great step towards implementing the resolutions of the 26th CPSU Congress and subsequent Plenary Meetings of the CPSU Central Committee on developing foreign trade and other economic ties with foreign states. During the 1981-1983 period foreign trade turnover increased 1.35 times reaching 127,500 million rubles in 1983. Foreign trade's annual average increment amounted to 10.5 per cent. The planned assignments in all main indices were fulfilled and overfulfilled. The foreign trade balance for all these years was active not only on the whole but also for the main groups of contracting countries.

The successes made in foreign trade are directly connected with the progress of the Soviet economy

whose basic development indices were substantially improved due to its undertaking large-scale measures aimed at perfecting the style of the economic management, strengthening discipline and organization.

Soviet foreign trade, which became an important economic sector, substantially contributes to accomplishment of the major tasks of communist construction, the accelerated development of many economic sectors and scientific and technical progress.

Foreign trade effects the country's economy in two ways. On the one hand, it extracts the material resources from the internal economic turnover and exports and realizes them in foreign countries and, on the other, it augments the country's economic means through the import of foreign goods. The Soviet Union develops its goods import in proportion to the possibilities gained from Soviet goods export.

In the first three years of the current five-year plan period our country imported foreign goods worth 168,600 million rubles. Machinery and equipment for Soviet industrial enterprises being built and reconstructed take over one-third of this import (58,000 million rubles). The proportion of foodstuffs and industrial consumer goods and raw material used for their manufacture, augmenting the country's material potential and aimed at raising the people's living standard, approximates at 27 per cent.

USSR export during the said years amounted to 188,200 million rubles exceeding import by 19,500 million rubles. The task of assuring an active trade balance in the current five-year plan period is being successfully accomplished.

During the first nine months of 1984 (the fourth year of the 11th five-year plan period) USSR export grew by nearly ten per cent compared to the same period in 1983. It is worth mentioning that the export substantially exceeds the import. In the socialist countries export exceeds import by 9.5 per cent, in the advanced capitalist countries—12.4 per cent and in the developing countries—31.1 per cent.

The all-Union associations exporting fuel, raw material and consumer goods overfulfilled their planned assignments for the nine months. The collectives of the Associations Sojuznefteexport, Sojuzchimexport, Soyuspromexport, Raznoimport, Al-

mazjuvelirexport, Sojuzpushnina and Novoexport obtained particularly good results.

Foreign trade bodies and organizations constantly work on perfecting the style and methods of economic management. They expand and deepen ties with Soviet enterprises exporting goods, maintain close contacts with branch ministries and departments, and planning bodies to further develop the country's export potential, strengthen the material base of export, raise its effectiveness, improve the quality of raw and other materials also by a higher degree of processing.

Development of business ties with partners in foreign countries is a matter of their special concern. They study the markets' situation for selling Soviet export goods, expand and deepen contacts with foreign purchasers, undertake measures aimed at better utilizing the commodity market situation for obtaining higher prices and improving the effectiveness of Soviet export trade.

The problem of increasing the effectiveness of raw and other materials export as well as that of products of the extractive industry is resolved mostly through the prices obtained on foreign countries' markets. Prices take the leading place among other factors in raising the effectiveness of raw material export. Foreign trade organizations place special stress on prices in their operative-economic activity.

The role of a price factor for achieving the economically justified export effectiveness level at the present development stage of the mining industry is substantially increasing. The reasons for this are evident.

At present in the manufacturing industries an output growth is observed, hence the increased consumption of raw material and other primary materials. The manufacturing industry demands greater amounts of raw and other materials for its development, but the conditions of extracting these materials are progressively becoming more difficult.

Now, nobody doubts that the manufacturing industries' increased demands for raw material cannot be met from its extraction in populated areas. There rich raw material deposits with a high content of useful substance are being exhausted. Despite the strong measures aimed at intensifying the extraction

of raw materials at rich, already developed mineral raw material deposits and developing its extraction at deposits rather poor in content of the basic element which before were considered non-profitable, today great efforts are being exerted and huge financial means allocated on organizing the extractive industry in almost inaccessible regions. The severe natural conditions in these generally distant regions present great difficulties for their development. Financial and material resources needed for developing these areas as well as expenditures for attracting manpower are so high that the development of natural resources in many cases is carried out almost on the edge of the technical and economic possibilities.

Taking into account the processes occurring in the extractive and manufacturing industries price rise for raw and other materials is inevitable and understandable. The objective reason for such a price movement is the increased production cost. In this connection it is not without interest to cite the published data on oil extraction costs in certain regions of the world. Taking Near East as the base, the oil production cost in the USA is nearly 11 times and in the North Sea 25.5 times higher.

The Soviet Union has already for many years been developing the extraction of fuel, raw and other materials in Siberia and the Soviet Far East. The inclusion of these regions' natural resources in the country's economic turnover entails great efforts on the part of the socialist state as well as material, labour and financial investments. Naturally, because of such great expenditures these regions' products are much more expensive compared to those extracted in the inhabited areas and the prices for these products are necessarily established higher than for the products extracted from the deposits known earlier.

Changes in the raw and other materials export structure from 1981 to 1984 (first nine months)

Goods groups	1980	1981	1982	1983	1984 (Jan.- Sept.)
TOTAL	100.0	100.0	100.0	100.0	100.0
including:					
Fuel and electric energy	71.1	73.8	76.5	77.5	78.4
Ores, metals and their products	13.4	11.9	10.8	10.9	10.3
Chemical products	5.0	5.1	4.6	4.5	5.0
Timber and pulp-and-paper products	6.1	4.9	4.1	4.1	3.9
Textile raw material and semi-finished products	2.8	2.9	2.6	2.0	1.3
Raw material for manufacturing					
food products	0.8	0.9	0.8	0.6	0.6

The goods structure of the raw and other materials export is determined by the possibilities and demands of the country's economy, reflected in the five-year plans for the country's economic and social development and in the annual goods export and import plans. These plans mirror the commitments based on the USSR's trade and economic agreements with foreign countries and on the existing contracts.

The goods structure of the Soviet raw and other materials export underwent positive changes in the current five-year plan period. The relationship between the goods groups constituting the export substantially changed as is seen in the table given above.

In the current five-year plan period Soviet raw material export is rapidly expanding. In 1983 the USSR's foreign trade organizations supplied their foreign purchasers with 43.6 per cent more raw material goods than in 1980. The annual average export growth was considerable, reaching 12.8 per cent. The export increase was observed for all groups of goods except timber.

Energy carriers (crude oil, petroleum products, natural gas, coal and electric power) have the leading place in the USSR's raw material export. The receipts from selling this group of goods in the last three years and nine months amounted to over 128,000 million rubles. In 1983 alone the receipts reached 36,400 million rubles, higher by 13,000 million rubles than in 1980. Crude oil export in 1983 exceeded that of 1980 by 11.4 million tons, the export of petroleum refining products by 12.6 million tons including: gasoline—by 0.6 million tons, diesel fuel—by 5.9 million tons and residual oil—by 5.6 million tons. Natural gas deliveries to foreign countries were substantially augmented. In 1983 Soviet foreign trade organizations, under their contracts, delivered 5,400 million cu.m of gas more to their purchasers than in 1980.

The export of mineral-containing ores and metals was 21.8 per cent greater in 1983 than in 1980. This group included products of the mining industry—one of the USSR's well developed economic sectors. Soviet iron, manganese and chromium ores are well known on the world market. Metallic ores are one of the USSR's traditional export items. Soviet industry works much on improving the quality of ores. The content of useful substance in the ores sold is constantly being increased. Thus, the content of iron was considerably increased owing to the use of a progressive ore-dressing technology. Besides a great quantity of high-quality blast-furnace raw material (iron ore pellets) is exported. In 1983 alone foreign purchasers received 9.6 million tons.

The metallurgical industry is represented in the export with a wide range of products. Rolled ferrous metals constitute the basis of this export.

The country's successfully developing chemical industry is creating favourable conditions assuring the export growth of its industrial products. Soviet enterprises, expanding their production, manufacture more goods in demand on the world market. During the first three years of the current five-year plan period chemical goods export grew 27.5 per cent. In particular, the export of ammonia went up 33.5 per cent, plastics 46.3 per cent, phosphorus 35.1 per cent and methanol 7.6 per cent. The Soviet Union exports a great amount of high-quality fertilizers to foreign

countries. In 1983 Soviet foreign trade organizations shipped nearly 10 million tons of fertilizers among them potassium salts—4.5 million tons, nitrogen fertilizers—4.2 million tons including 2.8 million tons of granulated carbamide to their partners. Fertilizer export that year exceeded the 1980 indicator on the whole by 28.9 per cent.

The Soviet Union is one of the largest timber and timber product exporters on the world market. Our country satisfies a substantial portion of all demands for timber products on the foreign markets.

The USSR's timber export in the first three years of the eleventh five-year plan period developed under unfavourable conditions formed on the world market. The decreasing tendency observed on the foreign markets did affect the major Soviet timber export items such as round timber and lumber. In 1983 the receipts from marketing these goods in foreign currency were 15 per cent less than those in 1980 despite the fact that nearly 1.4 million cu.m more of them were supplied to the foreign countries' markets.

The market for timber goods—plywood, cellulose, paper, etc. was better. Receipts from realization of these products were 18.7 per cent higher than in 1980. The export volume growth for this group of goods, particularly, cellulose is more than 23 per cent.

The scales of textile raw material and semi-finished goods export in 1983 remained at the 1980 level.

In 1983 an 18.9 per cent increase was observed in the export of raw materials for manufacturing food, among them cereals occupied the basic place.

From an analysis of the Soviet raw material and other materials export structure over the past period of the current 11th five-year plan certain conclusions can be made.

The fuel and power group prevails in the USSR's raw material export. The proportion of energy carriers is constantly being increased in the export. In 1983 this group of goods constituted over three quarters of the total value of exported raw material and other materials.

In recent years the USSR's energy carrier export has been growing quicker than the export of other raw materials. As a result the portion of the non-

energy goods export is relatively decreasing, despite a growth in their export volumes. This tendency in the USSR's raw material export will most likely remain in the near future.

The world market's price movement also greatly affects the correlation between the energy carriers export and that of non-energy goods. Over the last decade prices sharply rose (ten times and more) for such energy carriers as oil, petroleum products and natural gas. At the same time prices for non-energy carriers also went up but to a much lesser degree.

Worthy of note is such a positive factor in the goods structure of raw and other materials export as the increased proportion of goods having a higher degree of processing (cellulose, cardboard, paper, fibre and particle boards, mineral fertilizers and chemical products) in the non-energy raw material export. However, it is still not high enough.

The USSR's foreign trade is (as well known) carried out on a planned basis under a state monopoly. Any socialist state developing foreign trade proceeds from the stipulation that the export volume should always surpass that of the import in order to assure an active trade balance. Hence, the special concern for expanding the export and increasing and strengthening the export potential, which means the capability of the country's economy to turn out the required quantity of competitive goods for the foreign market. This is, in the first place, the totality of the country's developed natural resources, its economic and production capabilities and infrastructure; secondly, well trained scientific, industrial and marketing specialists; thirdly, the capability of adapting the production structure and not only certain goods to meet the external market's demands.

Our country has a solid export potential, huge capacities in the extractive and manufacturing industries, agriculture, forestry and means of transportation. Science and technology significantly progressed. Owing to this it became possible to export, as mentioned above, great volumes of oil and petroleum products, natural gas, coal, coke, diamonds, fertilizers, cotton, timber and pulp-and-paper goods, cement, asbestos, chemicals, etc. The export of machinery, equipment and durables has also grown.

However, the possibilities of augmenting the export potential of many goods is far from exhausted and its development is urgent.

Chemical goods. The USSR possesses a unique raw material base for developing the chemical and petrochemical industries.

At present the Soviet Union occupies the first place in Europe and second in the world in the gross output of chemical products, it leads in the production of plastics, synthetic resins, ammonia, carbamide, potassium chloride, apatite concentrate, chromium compounds, soda products, methanol and man-made fibres.

Chemical goods form one of the most dynamic groups in international trade. World chemical goods export in the period 1970-1983 grew six times, reaching 132,000 million dollars in 1983.

Our country's chemical goods export is rapidly expanding. During the same period it increased 5.5 times in cost terms and the export to the capitalist countries—9.5 times.

In the 11th five-year plan period the USSR's chemical goods export will grow 1.4 times. Chemical enterprises constructed on compensation terms manufacture for export great quantities of ammonia, carbamide, methanol, polyethylene, xylene and other products.

According to forecasts the world's consumption of chemical products will constantly increase in the next years. Especially wide possibilities open for plastics (as substitutes of ferrous and non-ferrous metals) and the chemicals used in agriculture, dye-stuffs, etc.

New spheres of chemical products' industrial utilization can appear, such as, for instance, the use of plastics for manufacturing synthetic paper or methanol as a substitute of motor fuel.

Chemical goods export is highly effective for the country's economy and its further development is of paramount importance.

Providing a complex of measures is taken which would embrace all questions of manufacturing chemical goods assuring their high quality, packaging, shipment (including provision with necessary transportation means), improving the all-Union associations' commercial activities as well as assuring greater concern on the part of ministries, depart-

Goods	Unit of measurement	1973			1983		
		quantity	sum (mln. rubles)	share (per cent)	quantity	sum (mln. rubles)	share (per cent)
Total timber	—	—	1,020.6	100	—	1,916.6	100
export	—	—	—	—	—	—	—
including:	—	—	—	—	—	—	—
round timber	mln.cu.m	18.7	408.4	15.1	499.3	—	—
lumber	"	8.2	372.7	7.2	688.7	—	—
Total 1st group	mln.cu.m	26.9	781.1	76.5	22.3	1,188.0	62.0
Plywood	'000 cu.m	316.0	40.5	—	328.0	82.6	—
Wood boards	"	341.8	18.7	—	580.3	53.5	—
Total 2nd group	"	657.8	59.2	5.5	908.3	136.1	7.4
Cellulose	'000 t	519.2	70.0	—	1,012.0	280.0	—
Paper	"	606.1	81.1	—	668.9	217.2	—
Cardboard	"	254.5	32.9	—	364.8	90.0	—
Total 3rd group	"	1,380.0	184.0	18.0	2,045.7	587.2	30.6

ments and enterprises for expanding the chemical goods export the latter could grow considerably in the future.

Coal and coke. In the current year construction of the main projects of the South-Yakutian coal complex will be completed and this will heighten coal export substantially. From 1985 up to the year 2000 this complex is planned to supply 84 million tons of coal to Japan. Coke export will not be expanded but remain at the same level. Coal export can be significantly enlarged in future. The construction of the second stage of the specialized complex in the Far East for coal transshipment in the Vostochny port will raise the effectiveness of the coal export. This deep-water port enables the coal to be loaded on ships (load-carrying capacity 80,000-100,000 tons) which reduces freight expenditures significantly.

To enhance the coal and coke export's effectiveness measures are being undertaken to improve the quality of goods offered for sale.

Sulphur. Construction of the large Astrakhan complex manufacturing sulphur to be completed in the next five-year plan period will stop sulphur import with payments made in freely convertible cur-ducts can be subdivided into three groups. The first group includes round timber and lumber, the second one—plywood and wood boards and the third—cellulose, paper and cardboard.

Over the last decade serious changes occurred in the structure of our timber export as the above data show.

The third group's export, cellulose, paper and cardboard, i.e. products with a higher degree of processing is expanding most dynamically, the proportion of this group of goods increased from 18 per cent in 1973 up to 30.6 per cent in 1983. During the said period the export of this goods group had a 12.3 per cent annual average growth rate. At the same time the second goods group's annual average growth was 8.7 per cent and that of the first group—4.3 per cent.

The rapid export growth of cellulose, paper and cardboard indicates the increased production of these goods in the USSR. A further output growth of these goods is possible thanks to the country's tremendous raw material resources. As our resources are not used to the full extent we have to spend con-

siderable amounts of currency on importing pulp-and-paper products from the capitalist countries.

Effectiveness of the pulp-and-paper goods export will be higher when certain enterprises under the USSR Ministry of Timber and Paper Industry specialize in supplying these goods for export. Thus, it is envisaged and envisage its annual export in an amount of one million tons. This product is in great demand on the market and its export is highly profitable.

Timber and pulp-and-paper goods. Our country takes the world's leading place in timber resources and is a traditional supplier of timber and pulp-and-paper goods to other countries.

Depending on the degree of processing these products it is expedient to specialize the Bratsk and Ust-Ilimsk complexes in the export production of bleached sulphate cellulose and the Kotlass and Arkhangelsk complexes—in hardwood sulphite bleached cellulose. The Solombal, Arkhangelsk and Kotlass complexes could very well specialize in manufacturing softwood non-bleached sulphate cellulose.

Plywood export during the 1973-1983 period more than doubled and that of fibre and wood particle boards manufactured from wastes of the woodworking industry trebled.

Positive structural shifts occurred also in the export of the first timber group. In 1973 lumber constituted 48 per cent in this goods group, in 1983, however, its portion went up to 58 per cent and the share of round timber fell from 52 down to 42 per cent.

It is worth mentioning that lumber export can be augmented without any significant additional expenditures. Timber enterprises in Arkhangelsk and the Karelian ASSR as well as in a number of other regions have reserves of non-used capacities.

Receipts from selling lumber abroad can be also increased by raising the export proportion of pinewood goods at present shipped in great volumes to the internal market where in many cases firwood timber could be used. Unfortunately, the forestry industry over recent years considerably reduced the export of ungraded pinewood which is in greater demand in foreign countries and assures higher receipts. For example, we usually ship 1.2 million cu.m of lumber, mostly pinewood, from Igarka. The high quality of the Angara pinewood became known on

the West countries' markets. Not so long back, however, the Krasnoyarsklesoexport enterprises increased their output of second grade lumber in low demand on the external markets and curtailed the high-quality pinewood export. This has lowered the effectiveness of the Igarka lumber export.

Taking the above into account makes one conclude that the USSR's forest industry reserves and the selling possibilities on the foreign markets will make it possible in the near future to augment timber export 1.5 times above the present level.

In subsequent years the portion of pulp-and-paper goods will grow up to 41 per cent in the timber export against today's 30 per cent. Pulp-and-paper goods export can be successfully expanded to the Near and Middle East, Africa, India, South-East Asia and European countries, and lumber export—to the European countries and countries in Africa, Near and Middle East and South-East Asia. Additional industrial roundwood exports are expected to go mainly to Japan and China.

The increased export volumes of timber, cellulose, cardboard and paper require reconstruction of the existing and construction of new ports in the basins of the Black, Baltic and White Seas and the Far East.

Non-ferrous metals. Recently non-ferrous metal export grew significantly reaching nearly 1,200 million rubles. Aluminium (including rolled) leads in non-ferrous metal export (almost 65 per cent of the total value of this group of goods). Taking into account the country's demands for non-ferrous metals and forecasts for the future the export of this group of metals, i.e. aluminium, nickel and wire products can be further expanded but that of copper, zinc and lead will most likely remain stable as a whole or even decline somewhat.

To raise the effectiveness of aluminium export the industry must increase the output of flat ingots, round billets and rods and reduce the production of small pigs. The quality of ingots must be substantially improved to make them more suitable for the manufacture of foil. This can be achieved by improving the surface structure, reducing the silicon content and maintaining the guaranteed iron and silicon content.

Oil and petroleum products. Raising this export group's effectiveness outlines the main direction of

the activity of our foreign trade organizations. To do this emphasis will be placed on augmenting the proportion of refined products in the total export of the said goods group.

Foreign trade organizations and the corresponding industries will exert their efforts to maintain the oil and petroleum products export at the present level.

Natural gas. Gas is getting more important in the USSR's raw material and other materials export. The prospects for developing the export of this energy carrier are favourable. Our country has the greatest "blue fuel" reserves in the world. The Soviet Union's gas industry is a rather new economic sector but it has already secured firm positions in providing the country with energy.

The development of large gas-fields, construction of gas-processing works, a complex system of trunk gas pipelines, primarily transcontinental, including those on a compensation basis, created a good foundation for the rapid development of gas export. Last year, the natural gas export was envisaged in a volume of nearly 70,000 million cu.m, including almost 37,000 million cu.m to the socialist countries and about 33,000 million cu.m to the capitalist ones.

The Soviet Union as is well known is the main supplier of energy carriers to the socialist community countries and natural gas is becoming more and more significant in these deliveries. Owing to the greater gas deliveries to these countries the USSR will be able not to expand its export of other types of energy carriers, particularly, petroleum products to the socialist countries.

In 1985 a further growth in gas exports to the socialist countries is planned.

Natural gas has also become the USSR's large export item to the capitalist countries. In future the gas export to these countries is to be expanded.

At present Austria, Italy, France, the FRG and Finland receive Soviet natural gas. In subsequent years the number of Soviet natural gas users will increase as West Berlin, Turkey, Switzerland and Greece evince interest in purchasing our natural gas.

The economic development of the Baikal-Amur railway zone opens new great possibilities for expanding the USSR's raw and other materials export. The planned accelerated development of this region,

rich in natural resources, will considerably strengthen the material base of the USSR's raw material export. The country's export potential will increase owing to the comprehensive exploitation and development of the Baikal-Amur railway zone.

The economic development programme for the Baikal-Amur railway zone is one of the country's most important. Its main task is to create a new industrial region in Eastern Siberia and the Soviet Far East and assure the most effective and comprehensive development of productive forces in the north of this region.

The availability of natural resources in the Baikal-Amur railway zone creates favourable prerequisites for its exploitation and full development and will increase the export potential.

The South Aldan iron ore region in the vicinity of the South-Yakutian coal basin has real possibilities for its development in the near future. Recently the structure of iron ore raw material export to the capitalist countries is changing: the proportion of sinter products is growing in it. In future, iron ore raw material export, primarily, pellets to Japan can be appreciable. With this fact in mind enterprises for processing iron ore into pellets and a specialized wharf in one of the Far Eastern ports are to be constructed.

Construction of an ore-dressing complex on the basis of the explored Udkan and other copper fields in the Baikal-Amur railway zone, the exploitation of the zinc, lead, tin and molybdenum deposits will provide favourable prerequisites for the export of non-ferrous metals.

Thanks to the development of the forest industry in the Baikal-Amur railway zone (where timber reserves are very big) the USSR's timber export in the near future will augment by 2 to 3 million cu.m per year. Taking advantage of the Pacific Ocean countries' demands the exports of cellulose, paper and cardboard can be doubled.

The expansion of the existing and creation of new foresteries growing commercial timber, construction of the Yenisei pulp-and-paper complex, and the third stage of the Amursk pulp-and-paper complex, expansion of the Sukpa forestry complex, development of wood particle board and fuel briquette production from saw milling wastes will greatly promote the tim-

ber and pulp-and-paper goods export.

Successful realization of the above undertakings aimed at a more comprehensive inclusion of natural resources of the Baikal-Amur railway zone to the sphere of international economic cooperation will significantly enhance the expansion of the USSR's economic and export potential.

Along with the foreign trade bodies and organizations, industrial ministries and departments, large industrial enterprises and their amalgamations play an important role in developing and strengthening the Soviet Union's export potential. Growth of the USSR's export potential is assured by these bodies' and organizations' close cooperation. They use various forms of multilateral cooperation, among which is participation of representatives from industry in the activities of the foreign trade organizations' boards.

The formation of foreign trade associations' boards on a par basis with industry has had a beneficial effect on expanding the raw material export potential, on improving the export structure, particularly, through increasing the proportion of goods with a higher degree of processing, on raising the quality of export goods packaging and the export's effectiveness as a whole. Members of raw material foreign trade associations' boards often include: executives from branch ministries and departments, the USSR Gosnab (the State Committee for Material and Technical Supply), the USSR Ministry of Railways, the USSR Ministry of Merchant Marine; heads of central industrial boards; directors of large industrial associations and enterprises supplying great volumes of products for export. Deputy ministers and members of boards of ministries and departments are also co-opted.

Thus, the authoritative and representing industry members of the boards include competent specialists. These boards' members positively influence the all-Union associations' activities.

In their turn, the all-Union foreign trade associations, through the boards, positively effect the process of improving Soviet industrial products by keeping executives of industry up-to-date about forms, methods and trends of production in other countries' leading firms and the external markets' requirements for export products.

Under the new operative conditions after the formation of boards on a parity basis the associations' business contacts with industry became stronger and more effective.

General Directors of the all-Union associations invite representatives from industry who directly participate in manufacturing and supplying products for export to board meetings. Large enterprises supplying export goods also arrange such meetings.

These joint discussions make it possible for the associations to more broadly involve industrial staff manufacturing export goods in the fulfilment of the plans expanding the USSR's export.

The progress made in creating and strengthening the country's export potential is significant. Today, Soviet export industry can accomplish much larger tasks than it was possible previously. Foreign trade associations jointly with industry are applying their best endeavours to assure the steady development of the USSR's export potential and greater export of Soviet goods.

¹ *Documents and Resolutions of the 26th CPSU Congress*, 1981, Moscow, Novosti Press Agency Publishing House, p. 234.

² *Ibid.*, pp. 234, 235.

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